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Bahamas	100.00	100.00	100.00
Bahrain	100.00	100.00	100.00
Bangladesh	100.00	100.00	100.00
Barbados	100.00	100.00	100.00
Belize	100.00	100.00	100.00
Bermuda	100.00	100.00	100.00
Bhutan	100.00	100.00	100.00
Bolivia	100.00	100.00	100.00
Bosnia	100.00	100.00	100.00
Botswana	100.00	100.00	100.00
Brazil	100.00	100.00	100.00
Brunei	100.00	100.00	100.00
Bulgaria	100.00	100.00	100.00
Burkina Faso	100.00	100.00	100.00
Burundi	100.00	100.00	100.00
Cambodia	100.00	100.00	100.00
Cameroon	100.00	100.00	100.00
Canada	100.00	100.00	100.00
Cape Verde	100.00	100.00	100.00
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Ethiopia	100.00	100.00	100.00
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Finland	100.00	100.00	100.00
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Germany	100.00	100.00	100.00
Ghana	100.00	100.00	100.00
Greece	100.00	100.00	100.00
Guatemala	100.00	100.00	100.00
Hong Kong	100.00	100.00	100.00
Hungary	100.00	100.00	100.00
Iceland	100.00	100.00	100.00
India	100.00	100.00	100.00
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Iran	100.00	100.00	100.00
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Japan	100.00	100.00	100.00
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Kenya	100.00	100.00	100.00
Korea	100.00	100.00	100.00
Kuwait	100.00	100.00	100.00
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Latvia	100.00	100.00	100.00
Lebanon	100.00	100.00	100.00
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Mexico	100.00	100.00	100.00
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Myanmar	100.00	100.00	100.00
Nicaragua	100.00	100.00	100.00
Niger	100.00	100.00	100.00
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North Korea	100.00	100.00	100.00
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Poland	100.00	100.00	100.00
Portugal	100.00	100.00	100.00
Romania	100.00	100.00	100.00
Russia	100.00	100.00	100.00
Rwanda	100.00	100.00	100.00
Saudi Arabia	100.00	100.00	100.00
Senegal	100.00	100.00	100.00
Seychelles	100.00	100.00	100.00
Singapore	100.00	100.00	100.00
Slovakia	100.00	100.00	100.00
Slovenia	100.00	100.00	100.00
South Africa	100.00	100.00	100.00
South Korea	100.00	100.00	100.00
Spain	100.00	100.00	100.00
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St. Kitts	100.00	100.00	100.00
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Switzerland	100.00	100.00	100.00
Taiwan	100.00	100.00	100.00
Tanzania	100.00	100.00	100.00
Togo	100.00	100.00	100.00
Tonga	100.00	100.00	100.00
Turkey	100.00	100.00	100.00
Turkmenistan	100.00	100.00	100.00
USA	100.00	100.00	100.00
Uganda	100.00	100.00	100.00
Ukraine	100.00	100.00	100.00
UK	100.00	100.00	100.00
Uruguay	100.00	100.00	100.00
USA	100.00	100.00	100.00
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Yemen	100.00	100.00	100.00
Zambia	100.00	100.00	100.00
Zimbabwe	100.00	100.00	100.00

## World news Business summary

### Shamir and Peres job swap delayed

An expected job swap between Israeli Prime Minister Shimon Peres and Likud leader Yitzhak Shamir was held up at the last minute by wrangles with the Labour Alignment, Likud's coalition partner. Mr Peres resigned last Friday as the head of the National Unity Government at the end of his 25-month term but remains in office as caretaker prime minister until a replacement is named by President Chaim Herzog. Labour Party ministers blocked Mr Shamir's return to power pending the satisfaction of a list of demands. These included Likud's insistence on appointing two new ministers in charge of Diaspora Jewish affairs. Page 4

### Soviet troop recall

A Soviet general said that about 8,000 troops would start leaving Afghanistan today, handing over their duties to Afghan forces. Soviet and Afghan troops launched a big drive against Moslem guerrillas north of Kabul. Page 4

### Nobel peace prize

Buchenwald concentration camp survivor Elie Wiesel, Romanian-born Jewish author and now a US citizen, won the 1986 Nobel Peace Prize. It celebrates the usage of the word holocaust for the Nazi killing of six million Jews. Page 3

### EMS reviewed

Neil Kinnock, UK opposition Labour Party leader, said his party has dropped its hostility to full British membership of the European Monetary System and would join if certain preconditions were met. Page 14

### Tokyo rocket attack

A salvo of six homemade rockets was fired in Tokyo's government district but failed to explode. The attack came in the middle of the evening rush hour but no one was injured.

### Bomb in Barcelona

A bomb exploded outside a Barcelona bank in the fourth attack against supporters of the Spanish city's attempt to host the 1992 Olympic Games.

### Human abuses rise

Human rights abuses increased in several Latin American countries, with human rights activists often among the victims. Violations in Colombia, Ecuador and Chile appeared to have risen while the situation in Peru, Nicaragua, El Salvador and Guatemala were worse for concern, Amnesty International said. Page 3

### Neo-Nazi claim

South African police said they were investigating allegations that some of their members were activists in the Afrikaner Resistance Movement, a neo-Nazi, white supremacist organisation.

### Strike hits Sweden

A strike by thousands of Swedish public sector workers threatened to slow foreign trade to a trickle. Ships had to be unloaded without the help of 500 crane operators, who joined a nationwide campaign for more pay. Page 2

### Docks paralysed

A 24-hour strike by dock workers paralysed all French ports. The day of action was in protest against plans to cut 2,500 jobs and to back retirement claims and other demands.

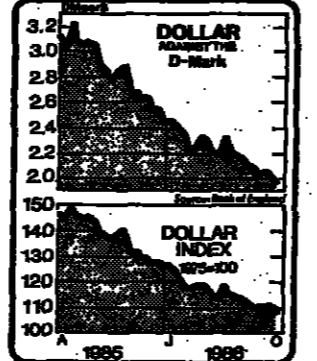
### Seaga unmoved

The crisis in the ruling Jamaica Labour Party deepened after it failed to persuade Edward Seaga to reverse his decision to resign as Prime Minister. Seaga said he was moved by the support he had received but his decision to resign was unchanged. Page 5

## UK raises rates as European banks act to prop up \$

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

THE BRITISH Government yesterday engineered a one percentage point rise in bank base rates to 11 per cent in a belated response to sterling's month-long slide on foreign exchange markets. The rise signalled by the Bank of England and followed quickly by the leading clearing banks, coincided with massive intervention by European central banks seeking to support the dollar on foreign exchange markets. In one of the biggest joint operations to prop up the US currency since its collapse in the late 1970s, the central banks are believed to have bought over \$1bn, but they managed only to limit the dollar's massive intervention, however, was reflected in the dollar's continuing weakness. It ended in London at DM 1.9745, 0.4 pence below Monday's closing level. The timing of the Bank of England's action to raise rates surprised the City of London as sterling has been relatively stable on foreign exchange markets in recent days. The pound, however, has fallen by around 5 per cent against the currencies of Britain's major trading partners since the beginning of last month, raising fears of an acceleration in Britain's inflation rate. Mr Nigel Lawson, the UK Chancellor of the Exchequer, said that the move would be enough to keep



## GM places S. African operation under review

BY RODERICK ORAM IN NEW YORK

GENERAL MOTORS has placed its wholly owned South African subsidiary under review because of the lack of progress towards ending apartheid and the rapidly deteriorating local economy. Giving equal importance to the economic and political factors, the world's largest motor vehicle manufacturer is weighing up how to fulfil its "fundamental purpose of supplying vehicles in a socially responsible way", the company said yesterday. GM is one of 300 US companies in South Africa trying to balance the local business outlook and the belief that they are an instrument of reform, against pressure at home to withdraw because of Pretoria's uncertain road to reform. Departures of US companies are accelerating with groups such as Coca-Cola, Procter and Gamble, the US chemical group, and Baxter Travenol, a drug company, selling out to local interests while maintaining commercial links. Mr Roger Smith, GM's chairman who helped found last year the 1987-88 United States Corporate Council, a watchdog on South Africa, said he was disappointed by the rapid decline of South African vehicles sales. Mr Smith said, "Anthony Robinson in Johannesburg adds: General Motors' South African subsidiary at Port Elizabeth in the Eastern Cape has been struggling with a declining share of a declining market for the past two years. Over the first nine months of this year its share of the total car and truck market fell to 6.2 per cent from 11.1 per cent in the same period last year while the overall market dropped by 11.2 per cent at the same time. This means that GM only turned out 18,355 vehicles over the first nine months of this year compared with 24,970 in 1985, itself a depressed year for vehicle sales. Motor show reports, Page 15; Ford's UK spending plans, Page 20

## European chip makers to file complaint on Japan's dumping

BY JANE RIPPETEAU IN LONDON

A GROUP of European semiconductor manufacturers plan to file an anti-dumping complaint this month against Japanese companies importing semiconductor products into the EC. The complaint would be lodged with the European Commission, which would investigate before deciding whether to impose punitive import duties. Mr Neville Lyons, general secretary of the European Electronic Components Manufacturers' Association (EECA), said the dumping action was in the final stages of preparation. The products involved are the same types of memory chips subject to a trade agreement last year between the US and Japan to give US chip-makers relief from competitive pricing by the Japanese. European manufacturers fear that Japanese chip producers, blocked by the US, could reduce their prices to gain a market share in Europe by undercutting prices of local producers. Mr Doug Dunn, managing director of European producers - at times imposing stiff duties. In some cases, the Japanese decided to counter-sue. The action is aimed only at Japan. Mr Klaus Westrack, marketing communications manager at Intel Semiconductor's West German company, said there was no intention of stopping US imports. He said Intel had been invited to take part in the anti-dumping action but had not yet decided whether to do so. He said that the company did not manufacture memories in Europe. Mr Westrack added that Intel of the US left the DRAM business a year ago because of margin pressures, but exports other memory products to Europe. Honeywell and Apple results, Page 21; Semiconductor pact under fire, Page 8

## Reagan blamed by Gorbachev over summit

BY PATRICK COCKBURN IN MOSCOW AND LIONEL BARBER IN WASHINGTON

MR MIKHAIL GORBACHEV, the Soviet leader, last night placed the blame for lack of agreement at Reykjavik on US President Ronald Reagan during an hour-long television broadcast. Mr Gorbachev, giving an account of the meeting, accused the US Administration of lack of courage, resolution and political resolve. But he also said the "American leadership will need a certain amount of time to think over" the new Soviet proposals. Despite the tough language used at times by Mr Gorbachev he was clearly being careful to keep the door open for a resumption of talks with Washington. He did not mention the 14-month-old Soviet nuclear test ban which terminates at the end of the year. At the same time, President Reagan's closest advisers, taking a lead from his optimistic report to the nation on the Reykjavik meeting, said last night high-level discussions between the US and the Soviet Union would resume next month. The Soviet leader, in his television speech, politicised the extent of Soviet concessions which, he said, would mean "cutting the weapons which are the mainstay of our country's defences."

## Soviets repeat offer on mid-range weapons

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN LONDON

MR VIKTOR KARPOV, the leader of the Soviet delegation at the US-Soviet nuclear arms control talks in Geneva, said yesterday that Moscow still adhered to its undertaking that a separate agreement could be reached on medium-range nuclear weapons in Europe. Mr Karpov, speaking in London after a 90-minute meeting with Mrs Margaret Thatcher, the British Prime Minister, was in the UK as the special envoy of Mr Mikhail Gorbachev, the Soviet leader, to explain the Soviet version of events at the Reykjavik summit last weekend. He has already been to Paris and was due to fly to Bonn last night before returning to Moscow. He emphasised that there was no change in principle in the Soviet position that a deal could be negotiated in Geneva on intermediate nuclear forces (INF) quite separate from agreements on strategic and space weapons. However, he declined to say when Moscow would be prepared to discuss this problem in Geneva. Reagan launches salvage mission, Page 5

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EUROPEAN NEWS

FRESH LAWS GO BEFORE CABINET TODAY

Worker sharing boost in France

BY DAVID HOUSEGO IN PARIS

SALARIED workers in France will be given a greater share in the profits and the running of their companies under new laws that go before the Cabinet today and which reflect the changing climate in French industry.

The new legislation builds on much cherished plans of General de Gaulle for widening worker participation in industry. But de Gaulle launched his venture in the context of often bitter conflict between unions and employers.

Independence

The proposals of Mr Jacques Chirac's administration, however, come at a time when strikes have dropped to a record low and increasing plant-level collaboration between management and workforce reflects a widespread consensus over improving competitiveness.

Mr Raymond Barre, the former Prime Minister, who has announced his own project for greater employee participation, spoke last week of the emergence of a "large movement in favour of decentralisation in labour relations" and of "the growing responsibility of wage earners" in companies that had themselves showed more independence of traditional struc-

tures. The government's new measures also dovetail with its plans to widen popular share ownership through reserving for employees 10 per cent of the shares in companies due to be privatised.

The sharp rise in Bourse (Stock Exchange) prices over the past three years has much increased interest in share ownership—as reflected in the economic supplements being published by French daily newspapers.

Not least, from the government's point of view, share participation schemes are a way of financing wage increases without refuelling inflation by steering them into savings and pension schemes. For the schemes all have in common that the employee beneficiaries cannot touch the revenue for 3-5 years.

Bonus systems

The text that goes before the Cabinet today does two things. It extends the share participation and bonus systems in existence by altering the regulations. It also encourages companies to name employee representatives to their boards so as to associate the workforce more fully with the decisions

made in a company. The text thus develops the schemes already in existence by which companies can allocate part of their profits to an employee share fund.

The advantage to companies is that such contributions are tax deductible and that employees pay no tax on capital gains or revenue, provided that they do not withdraw funds before five years.

Currently about FFf 6bn (€800m) are invested in such funds which have often brought spectacular returns. An employee of IBM France for instance, who had FFf 1,000 placed on his account in 1985, would be entitled to draw FFf 8,000 this year.

The new law—which will be put through as a decree—increases the amount that companies can allocate to such funds from tax-free profits while giving employees the chance to withdraw their funds after three years instead of five. If they choose this course, then they benefit from only a 50 per cent deduction on the income.

The other way that French companies are encouraged to distribute to employees the fruit of their work is through bonuses tied to profits or productivity. Companies can issue these tax free to the central

group of employees provided the total does not exceed a fifth of salaries.

Under the new legislation, employees who invest these bonuses in company-related saving and pension fund schemes will also benefit from tax deductions. At the same time companies get further fiscal incentives to encourage them to match employee contributions with their own.

Responsibilities

In terms of employee representation the new law provides that employees can be drafted to the board of a company with the approval of two-thirds of the shareholders.

The salaried representatives will share the bulk of the responsibilities of other members and be paid an attendance fee. Candidates can be put up by either the unions or by an organisation representing 5 per cent of the workforce.

Mr Barre would like to go further on this front and make worker representation depend not on shareholders but on agreement between the workforce and the board. His proposals on the issue mark one of the rare occasions he has spoken out in public since last March's elections.

W. German incomes increase sharply

By Andrew Fisher in Frankfurt

REAL INCOMES in West Germany grew at a faster rate in the first half of 1988 than in any time in the past 12 years, the Bundesbank said in its monthly report.

The increase of 4.1 per cent over the same period of last year resulted from increased overtime and bonus payments as a result of increased economic activity and from lower prices. Actual wage levels were 3.5 per cent higher.

Heating oil costs were considerably lower, because of reduced oil prices and the strengthening D-Mark. In addition, consumers benefited from tax cuts at the start of this year.

With more money at their disposal, Germans have been borrowing more heavily from banks to finance purchases, mainly of cars. Favourable credit conditions offered by dealers were a strong inducement. Thus private borrowings for consumer buying rose by 25 per cent in the first six months compared with the year-ago period to DM 6.3bn (£2.2m).

The figures reflect the shift in German economic growth away from export demand, as the effect of the revalued D-Mark takes hold, to the domestic economy. The Bundesbank said consumer demand should remain high beyond this year.

It also reported a further acceleration in money supply growth—measured by central bank money stock—from an annual rate of around 7 per cent in August to 7.5 per cent in September, against a target of 3.5 to 5.5 per cent. This rate of increase has been a key argument in the Bundesbank's refusal to cut its 3.5 per cent discount rate, in spite of heavy US pressure.

German group lifts loan rate

West German Reconstruction Loan Corporation is to raise the interest on loans taken out under its export financing programme from October 15.

For loans taken out without prior notification, the rate will rise to 6.68 per cent a year from 6.48 per cent.

For loans registered in advance, the rate will rise to 6.88 per cent a year from 6.68 per cent.

Hope for end to Swedish strike

BY SARA WEBB IN STOCKHOLM

THE FIRST signs of a possible end to Sweden's two-week-old public-sector strikes came late last night following talks between the state-appointed mediating commission and Saco/SB-S, one of the white-collar unions.

Saco/SB-S agreed to postpone its industrial action due to take effect

from midnight last night provided the union could have direct negotiations with SAV, the state-employers organisation.

This follows warnings from the Swedish Petroleum Institute that if Saco's ship pilots came out on strike, Sweden's commercial oil and petroleum stocks would run out

within a few days.

The other public sector unions have already called about 23,000 workers out on strike, with another 800,000 refusing to work overtime, and 6,000 locked out by the employers. The strike action was beginning to have a serious effect on Sweden's trade and industry.

Spain steps up call for US force reduction

BY DAVID WHITE IN MADRID

SPAIN has stepped up demands for US force reductions ahead of a fresh round of negotiations on joint-use Spanish bases beginning in Washington today.

Mr Francisco Fernandez Ordoñez, Foreign Minister, told the Foreign Relations Committee of the

Spanish Congress yesterday that Spain wanted the reduction in the 12,000-strong US presence to be "agreed, non-unilateral and gradual," so that it did not affect security levels. He described the negotiations as "difficult."

Showing increasing impatience

after a senior official-level negotiating session in July, the Government has made clear that if no reduction is agreed the renewal of the two countries' bilateral pact, which expires in May 1988, would be "very unlikely." It is seeking an agreement by November next year.

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EUROPEAN NEWS

Nobel Peace Prize goes to Nazi death camp survivor

BY SARA WEBB IN STOCKHOLM AND WILLIAM HALL IN NEW YORK

PROFESSOR Elie Wiesel, the Jewish author and concentration camp survivor, is the winner of this year's Nobel Peace Prize, the Norwegian Nobel Committee announced yesterday.

The Skr 2m (\$293,000) prize will be awarded at the traditional Nobel ceremony in Oslo on December 10.

The committee described Prof Wiesel as "one of the most important spiritual leaders and guides in an age when violence, repression and racism continue to characterize the world."

The members praised his commitment, which they said originated in the sufferings of the Jewish people, but which had been widened to embrace all repressed peoples and races.

There were 81 nominations for this year's Peace Prize. Prof Jakob Sverdrup, secretary of the Norwegian Nobel Committee, said: "Elie Wiesel has been a strong candidate for the last three or four years."

Last year's Peace Prize winner - the International Physicians for the Prevention of Nuclear War - proved to be a controversial choice when details of co-founder Prof Yezhov's political role in the Soviet Union later received unfavourable attention.

Dr Chazov was said to have taken an important part in the Soviet persecution of Dr Andrei Sakharov, the Soviet physicist and human rights campaigner and an earlier winner of the Peace Prize.

Wiesel, a survivor of the Nazi concentration camps at Auschwitz and Buchenwald, is best known for his extensive writings on the horrors of the Holocaust, but has also made a name for himself as a human rights activist, particularly with regard to Soviet Jews.

He was born in Sighet, Transylvania, which is now part of Romania, on September 30, 1928, and was raised in a small Hassidic community. In the spring of 1944 he and his family, along with the rest of the city's Jews, were deported. Elie Wiesel's family was sent to Auschwitz where his father, mother and youngest sister were killed. The next year he was sent to Buchenwald.

After being liberated by US troops he went to live in Paris where he worked as a journalist for various foreign newspapers. In 1956 he published his first book, "And The World Has Remained Silent" and moved to the US, becoming a naturalised American in 1963.

Shortly afterwards he moved into teaching and in 1972 he was appointed Distinguished Professor of Jewish Studies at the City University of New York.

Since then he has received dozens of honours including the 1984 Grand Prize for Literature in France for his novel "The Fifth Son." The Academic American Encyclopedia says that Prof Wiesel has made "a life's mission of bearing witness to the horrors of the Holocaust."

In more than 20 books as well as plays, articles and lectures he has sought to "write the language of humanity with the silence of the dead."

Since 1976 he has held the Andrew W. Mellon chair in humanities at Boston University and since 1978 has served as chairman of the US President's Commission on the Holocaust. Last year he was awarded the Congressional Gold Medal and used the occasion to urge President Reagan not to visit the military cemetery at Bitburg, in West Germany, where 49 Nazi Waffen SS officers were buried.

Earlier this year, he joined in the controversy surrounding Dr Kurt Waldheim, the former UN Secretary-General, who was running for the presidency of Austria. He accused Dr Waldheim of finding refuge in oblivion because he conveniently forgot his links with the Nazis.

Mr Shimon Peres, Israel's Prime Minister, said in a telegram of congratulations that Prof Wiesel, 59, had taught the world a "holy lesson" by keeping alive the memory of the Jews killed by Nazi Germany, Reuters reports from Oslo.

Prof Wiesel said he was deeply touched by the award. "This is a very special day for me. I'm invaded by memories," he said.

Prof Wiesel photographed before the award of the Peace Prize yesterday

Owen urges Lisbon to think again on sanctions

BY DIANA SMITH IN LISBON

DR DAVID OWEN, Britain's Social Democratic Party leader, has urged Portugal's ruling Social Democrats to reconsider the government's bland stance on the question of selective sanctions against South Africa.

In a working visit to Portugal on Monday at the invitation of the Portuguese Social Democrat Party, Dr Owen held detailed talks with the Government on the delicate South African question as well as nuclear defence matters.

Dr Owen pointed out to the Portuguese authorities that the fact that there are 700,000 Portuguese passport holders living in South Africa should not be used as a reason for not pressing for stronger attitudes against that country.

Between them, Portuguese and British passport holders in South Africa represent 1.5m whites. To Dr Owen, this was a potentially strong pressure group that should now press for a selective sanction, such as a reduction in air flights to South Africa.

Dr Owen expressed deep concern at the Stalemate in Angola and Namibia. Expressing sympathy with Portugal's sensitivity about its colonial past and its reservation that sanctions might lead South Africa to increase the expulsion of Mozambican miners, on whose income Mozambique's shattered economy largely depends, Dr Owen said that nonetheless, this worry should not stop Portugal from taking a stronger stand.

By the end of June, the balance of payments on the current account had achieved a surplus of \$306m (£12.5m) compared with a deficit of the same time last year of \$250m. The surplus came despite 15 per cent growth in imports and modest export growth of only 4 per cent in the first six months of the year.

Much of the improvement was due to a 55 per cent reduction in the services deficit, because of increased tourism and emigrants' remittances and softer debt servicing, as the foreign debt cooled.

By the end of this year, the Government has predicted a balance of payments surplus of close to \$10m—the largest surplus Portugal has ever enjoyed.

Colonel in Popieluszko case has sentence cut

By Christopher Bobinski in Warsaw

FORMER Colonel Adam Pietruska, the most senior of the police officers found guilty of murdering Father Jerzy Popieluszko, the Solidarity priest, in the autumn of 1984 has had his prison term reduced from 25 to 15 years.

The move by the high court came under last July's amnesty and follows the release last month of all the country's political prisoners.

It was also accompanied by the release from prison of Father Sylwester Zych, a Catholic priest, Alan Freed was a student involved in the shooting of a police officer in the early months of martial law.

Two other men sentenced at the time for the shooting of Sergeant Zdzislaw Karos have also had their prison terms reduced. Catholic Church officials have long petitioned the authorities for the release of Father Zych and the reduction of the prison terms for the others.

The authorities have on their part invariably pointed to the murder of Sergeant Karos as comparable to the killing of Father Popieluszko whose death will be commemorated this weekend in his parish where he is revered as a martyr.

But this means little to the many thousands of ordinary people that today continue to suffer the consequences of man's inhumanity to man on a no less horrific scale than Belsen or the prison camps of Burma.

"Thousands of people are in prison because of their beliefs. Many are held without charge or trial. Torture and the death penalty are widespread. In many countries, men, women and children have 'disappeared' after being taken into official custody. Still others have been put to death without any pretence of legality; selected and killed by governments and their agents."

This gruesome chronicle of contemporary horror is contained in the latest annual report of Amnesty International released yesterday.

Its 363 pages covering human rights violations of one kind or another worldwide, from Madrid to Peking is a timely reminder—in a week when the superpowers are locked in mutual recrimination and claim holier than thou status over the other—that terror is not necessarily the preserve of a particular ideology or political system. It is usually simply the product of a lack of magnanimity by the powerful towards the weak.

Amnesty has in the past made as many enemies as friends. Military dictatorships have accused it of being a Marxist stooge. Marxist states dismiss its "woolly Western liberalism," even relatives of the victims sometimes feel that Amnesty does not do enough to bring down governments.

Mr Margaret Thatcher, Britain's Prime Minister and scourge of the Galtieri junta during the Falklands war, will not exactly be pleased to find that yesterday's report devotes as many pages to the human rights violations of the security forces in Ulster as it does to the seamy side of life in Chad, Thailand, and Libya.

Since October 1988, 31 fatal shootings by security forces in Northern Ireland have been reported. Some of these killings took place in conditions compatible with allegations that they were deliberately planned," according to Amnesty.

In past years, there have also been governments who have accused the organisation of interfering in their internal affairs by simply raising the human rights issue.

The 128 countries in the report are listed in alphabetical order. Just before the "United Kingdom" is the "Union of Soviet Socialist Republics" where ill-treatment in prisons, corrective labour colonies and psychiatric institutions, are a

"special focus of concern" for the organisation.

In November 1984 Amnesty wrote to the Soviet authorities urging an amnesty for all prisoners of conscience and a sweeping programme of legislative reforms.

Five months later, the authorities declared an amnesty "to mark the 40th anniversary of the ending of the Second World War." In fact, the amnesty, excluded prisoners convicted on political charges and on "criminal" charges commonly brought against political prisoners of conscience.

To Amnesty International's knowledge, "only one prisoner of conscience was amnestied—but he was re-imprisoned on the same charge seven days later. Jonas Matulionis, a Lithuanian priest, had originally been serving three years' imprisonment for "disturbing the public order." He had been leading an All Saints' Day procession without permission.

On the surface, the US gets off lightly in the report. The five-page section on the country produces little evidence of widespread repression of political rights or mistreatment of prisoners. It focuses instead on the continuing use of the death penalty for criminal offences.

Nevertheless, Washington does not emerge exonerated. In the sections on Central America, where US advisers are alleged to be instructing anti-Marxist forces Honduras and El Salvador are accused of torture and "political killings."

Whoever the perpetrator, Amnesty International condemns as a matter of principle the torture or execution of prisoners by anyone "the report states."

In El Salvador, President Jose Napoleon Duarte has maintained, as have his predecessors, that victims in the countryside have been abducted or killed by the armed opposition, or had been members of or supporters of the opposition who had died in armed confrontation with the military.

However, Amnesty states that, as in previous years, the majority of reported abuses against non-combatant civilians had been inflicted by forces under the authorities control at the waist and ankles, hung upside down on a pole inserted behind the knees, spun around, and beaten."

Elsewhere, Switzerland, along with other European democracies, it reprimanded for jailing conscientious objectors to military service in Afghanistan. Amnesty International report 1988, 5 Roberts Place, London, EC1. £7.95 post free.

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Jimmy Burns examines a human rights report setting out man's inhumanity to man Amnesty's gruesome chronicle of horror

PROFESSORS of a rational response to the nuclear arms race may take comfort in the argument that thanks to this "bomb" the world has been saved from a world war since 1945.

But this means little to the many thousands of ordinary people that today continue to suffer the consequences of man's inhumanity to man on a no less horrific scale than Belsen or the prison camps of Burma.

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W. Germe incomes increase sharply

Government hits hard

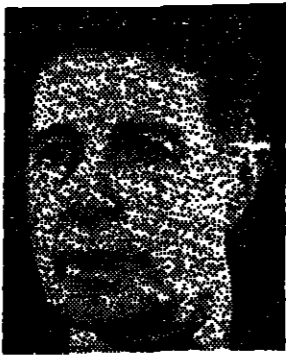
PHILIPS

OVERSEAS NEWS

# India and US to study joint arms production

BY K. K. SHARMA IN NEW DELHI

A LIMITED but significant movement forward in defence co-operation between India and the US has been achieved during a four-day visit to New Delhi by Mr Casper Weinberger, the US Defence Secretary, during which he held talks with Prime Minister Rajiv Gandhi and Defence Minister Arun Singh.



Mr Casper Weinberger

Discussions centred on transfer of technology by the US for joint production of weapons. Coming after the recent award of a contract for 10 engines to General Electric for India's proposed light combat aircraft, the way has been opened for discussions on firm defence deals between the two countries.

If these succeed, the US could make a significant dent into the Soviet domination in the area of defence weapons supply to India.

Mr Arun Singh, who held talks with the US delegation yesterday shortly before Mr Weinberger left for Islamabad, said that no discussion was held on any specific weapons system but the way had been cleared for co-operation because the kind of problems that might arise had been identified and discussed.

Defence Ministry officials say that India is interested in the transfer of technology and the supply of critical components for the development and production of a wide range of defence equipment. Interest lies in such areas as engines and electronics for India's light combat aircraft, radar and telemetry systems for testing missiles, anti-tank weaponry, night vision equipment, armour-piercing projectiles and super alloys, fire control and transmission mechanism for the main battle tank prototypes undergoing tests.

# John Elliott reports from Dhaka on the lack of support for today's Bangladesh election Ershad seeks respectability at the hustings

FOR THE second time in five months, the main election issue in Bangladesh is not who will win, but how much rigging will be organised to ensure a respectable victory for Lt Gen Hossain Mohammad Ershad, the country's ruler since a bloodless coup in 1982.

Today's election for the presidency is aimed both at providing democratic legitimacy for Gen Ershad now technically a civilian, and paving the way for ending possibly next month, of over four years of martial law.

There are 11 other presidential candidates but none is a credible rival to President Ershad although one—Colonel Farooq—led a coup in the country in 1975. The election is being boycotted by the country's main political opposition parties mainly because of widespread rigging of parliamentary polls five months ago. Then the Jatiya Party, founded as a vehicle for President Ershad, now its leader, won an inevitable victory.

The opposition parties have called for a boycott of today's polls and a general strike, which could lead to considerable violence. They are believed to be responsible for in the past few days a wave of small bomb blasts, burning of buses and stoning of cars in Dhaka and the southern port city of Chittagong which has led to at least three deaths.

Police have dealt roughly with those suspected of causing the violence, and in the early hours of yesterday morning long lines of police carrying lathis (long bamboo batons), backed up by armed para military forces, raided university halls of residence in central Dhaka, arresting over 150 students and confiscating bombs and weapons that security forces say were being prepared to disrupt today's polling.

Political activists have been arrested and the leaders of the two main opposition party alliances have had restrictions put on their movements and have stayed in their houses in Dhaka.

President Ershad said in an interview at the weekend that he hoped for a turnout in the polls today of 50 to 55 per cent. But some opposition leaders say the figure will be "less than 3 per cent" while local observers believe that it is unlikely to be more than 15 to 20.

If enough people are to be shown to have taken part to make President Ershad's victory respectable most believe it will have necessitated heavy rigging with ballot boxes stuffed with false papers.

The election is described by Gen. Ershad as "the last stage of democratisation." He says he will summon parliament soon to pass a bill legalising the laws and actions taken by his military regime and would then lift martial law.

This could happen next month because, for reasons of

international prestige, he is believed to want to be able to go to the UN General Assembly, where Bangladesh is the current President, as a fully civilian rather than military ruler before the end of the year. He would also like the same status as the second summit of South Asian nations to be held in India on November 17-18.

There is a strong body of opinion among businessmen, diplomats and other political op-

ponents of the country when it broke away from Pakistan in 1971.

On Monday President Ershad said in a television interview that the army should have a "development role." This would mean stationing forces around the country where they could help push development projects forward while also maintaining bases at key transport, electricity and other installations, so holding on to the centres of power.

Involving the army, says President Ershad—who returned from the post of chief of army staff to contest today's election—is "a safety valve for democracy." "If you want stability in the country, take the army along with you," he declares.

This will be highly contentious and will give the two alliances of opposition parties led by the widow and daughter of former presidents assassinated in the 1970s a new plank from which to continue fighting the Ershad regime, but which will probably not put the president under serious pressure.

President Ershad is a rather colourless and not very popular leader, but he has run a relatively benign military regime which has not made him unpopular.

He has, however, shown considerable skill at handling his critics and opponents both within the army and outside, and he has also survived two potential crisis this year. The first was the parliamentary

elections in May when he was criticised for the violent rigging.

That last month his credibility was hit by a long exposé in The Observer, the London Sunday newspaper, widely circulated later in Bangladesh, accusing him and his wife of corruption, and him of secretly marrying in 1982 a Bangladeshi woman now living in the US. It was also reported that his wife suddenly produced him a son and heir early in 1983, having never apparently been pregnant.

He dismisses allegations of corruption, and challenges his accusers to prove he married a second time, which is permissible for a Muslim but is not generally socially acceptable among the Dhaka elite. He is also believed to have said he can advance doctor's certificates to prove the son is his.

Domestically President Ershad is being criticised for not doing enough to push through industrial and economic reforms which he launched when he came to power. "The chimneys are not coming up" is a lament frequently heard in Dhaka, reflecting frustration that despite a liberalised industrial policy industrial expansion has been held back by bureaucratic blockages, a lack of institutional finance, and severe electric power shortages.

The level of literacy has fallen to only 59 per cent of the adult population and the birth rate is rising at a high rate of 2.6 per cent a year.

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# Wrangles hold up Shamir's nomination

By Andrew Whitely in Jerusalem

THE SCHEDULED nomination yesterday of Mr Yitzhak Shamir, the Likud leader, as Israel's new Prime Minister was held up at the last minute by a crop of unresolved wrangles with the Labour Alignment, Likud's coalition partner.

Mr Shimon Peres, Labour's leader, resigned last Friday as head of the National Unity Government at the end of his 25-month term, but remains as caretaker Prime Minister until a replacement is named by President Chaim Herzog.

An early morning meeting of Labour Party ministers decided to block Mr Shamir's return to power—for the time being at least—pending satisfaction on a list of demands. These included its refusal to allow Mr Yitzhak Moda'i, the dismissed former Cabinet member, to re-enter the Government now and Likud's insistence on appointing two new ministers in charge of Diaspora Jewish affairs.

For his part, Mr Shamir is hatching Labour's proposal to send Mr Yossi Beilin, Cabinet secretary under Mr Peres and a top party figure, to Washington as Israel's ambassador to the US.

Describing the deadlocked negotiations as being "in a state of crisis," Mr Uzi Bar-Am, Labour's secretary general, said yesterday that if the Likud did not concede on any of the disputed issues he would summon a full meeting of the Labour Alignment tomorrow to decide the future of the Government.

Mr Bar-Am accused Mr Shamir of "bad faith" and said he had worked out a compromise understanding with Likud over the controversial Mr Moda'i, described by one Labour parliamentarian as "very talented, but impossible to work with," whereby the former Finance Minister would only return to the Government in January—and then as a Minister without portfolio.

# Iranians claim Gulf war attack

By Roger Matthews

IRAN CLAIMED yesterday to have launched a successful two-pronged attack in the central sector of the Gulf War front, killing or wounding over 1,000 Iraqis. A statement from Tehran said that a commando brigade of Iraq's 21st Division had been "completely destroyed."

The attack is said to have taken place near the Iranian border town of Qasr-e-Shirin which the Iraqis seized at the start of the war over six years ago but later abandoned.

In the south, Iran has resumed its intermittent bombardment of Basra, Iraq's second largest city. An Iraqi communique yesterday said that 12 civilians had been killed and many more wounded in overnight shelling.

Reports from Baghdad indicate that Iraq may recently have increased its capacity to strike at targets deep inside Iran through the acquisition of several Soviet Tu-16 Tupolev bombers. These aircraft have a fully-laden range of about 3,000 miles and can carry a bomb load of up to 19,500 lbs.

# China stock market defended

CHINA'S top financial newspaper yesterday defended its stock markets and called for a change in attitude by comrades who think they lead to capitalist exploitation and slavery, Reuters writes from Peking.

The official Economic Daily said stock markets were needed to make better use of badly needed funds and were not the exclusive preserve of capitalists.

China's first stock market since the communist take-over in 1949 opened in Shanghai last month and the official press has published and regulated a far broader share trading in the southern province of Guangdong, where more than 1,000 companies have issued such securities.

"Stock markets are a way to relieve our country's shortage of capital, to develop production and make workers more concerned about the future of their companies," the newspaper said.

"So we must change the traditional view of shares and stock markets," it added in a clear reference to the Marxist orthodoxy that shares are a means by which capitalists earn profits from workers but contribute nothing.

The newspaper said the government would closely supervise stock markets. "Buyers of shares will be the working public. The question of using ownership of the means of production to exploit and enslave workers will not arise," it said.

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# 48 die in Sri Lanka battle

BY MERVYN DE SILVA IN COLOMBO

SIXTEEN Sinhalese soldiers, 27 Tamil separatist rebels and five Sinhalese farmers have been killed in two days of fierce fighting in the district of Mannar, 150 miles north of Colombo. Both Mannar and the neighbouring Vavuniya district are under curfew, which is likely to be extended this evening. The fighting included pitched battles between the army and the rebels, the first time this has happened, an army spokesman said.

The battle which started on Sunday when the rebels ambushed an army foot patrol, killing seven soldiers, is still raging with reinforcements being rushed to the jungle area and helicopter gunships assisting the forces in a massive combat operation.

Radio intercepts, according to the operations command centre in Colombo, revealed that the rebels planned to carry the bodies of the soldiers to Jaffna, the northern capital, and rebel stronghold, and exhibit them to the public.

The army claimed an unexpected victory. It has shot Mr Harcourt Pussell, who, under the code name "Victor" was one of the top commanders of the "Tamil Tigers."

# Soviet withdrawal from Afghanistan 'a trick'

AN AFGHAN guerrilla leader yesterday denounced the withdrawal of about 8,000 Soviet troops from Afghanistan which begins today, as a trick to distract world opinion, Reuters reports from Peshawar, Pakistan.

Sibghatullah Mujaddidi, chairman of the main guerrilla Alliance fighting the Soviet-backed Government in Kabul, called the pull-out "Another trick to deceive the world and divert attention from the actual problem."

He told reporters the rebels would continue their seven-year struggle for self-determination for Afghanistan.

The only solution to the Afghan problem is the immediate and unconditional and complete withdrawal (of Soviet forces), he said.

A Soviet general said in Kabul yesterday that about 8,000 troops would leave Afghanistan today under a plan unveiled by Mr Mikhail Gorbachev, the Soviet leader, and their military duties would be taken over largely by Afghan forces.

Lt-Gen Mikhail Sotakov told visiting Moscow-based reporters that the six regiments being pulled out had served in Afghanistan since the 1979 Soviet intervention. He declined to say how many Soviet troops would remain.

Western military experts estimate that Moscow has about 115,000 men in Afghanistan.

Mr Casper Weinberger, US Defence Secretary, told Chinese leaders last week that the withdrawal was a ruse and said the Kremlin had been secretly flying fresh men into Afghanistan, according to a senior US official.

Soviet and Afghan troops backed by aircraft and artillery have launched a major drive against Moslem guerrillas in the hills north of Kabul, according to western diplomats, Reuters reports from Islamabad.

Heavy fighting raged all last week in the mountainous Shomali area west of the main road north out of Kabul, between the town of Shakardarra and Istaleh, the diplomats said.

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AMERICAN NEWS

Senior bankers in Argentina accused of fraud

By Tim Coone in Buenos Aires

THE ENTIRE former board of Argentina's Central Bank — including two current members of the economic Cabinet — have been accused of fraud by the Argentinian state prosecutor for administrative investigations. The alleged fraud involves the cancellation by the Central Bank in 1985 of a debt owed by the Banco del Buen Ayre, a small private bank, which resulted in a loss to the Central Bank of some Australas 7m (\$4.5m). The two cabinet members named in the suit before the Federal Court are Mr Marcelo de Corte, the director of the country's tax system, and Mr Ricardo Masozzin, the Secretary for Internal Commerce, both formerly senior officials at the bank. In addition, Mr Alfredo Concepcion, the former president of the Central Bank, Mr Leopoldo Portnoy, its vice president, and four other directors and directors of the Banco del Buen Ayre are named in the suit. Mr Concepcion along with his board of directors resigned from the Central Bank at the end of August after a long-standing dispute with other members of President Raul Alfonsín's economic team over monetary policy and attempts to bring inflation under control. The uncontrolled level of Central Bank rediscunts to other banks in the financial system was a particular source of tension with Mr Juan Sourrouille, the Economy Minister, and his deputy, Mr Jose Luis Machinea. Mr Machinea took control of the Central Bank bringing in a team of technocrats. He quickly tightened monetary policy and promised far-reaching reforms of the financial system. In the middle of September, following investigations into export financing operations, a fraud involving \$10m (\$77m) was uncovered by the Central Bank which had been authorised by members of its former administration to issue rediscunts to the small provincial bank of Banco Atlas. At the time Mr Machinea warned that the investigation would be pursued "up to its ultimate consequences."

Pinochet regime denies human rights violations

By Mary Helen Spooner in Santiago

THE CHILEAN Government of President Augusto Pinochet yesterday denied there were any political prisoners or people under house arrest and claimed that there was extensive media freedom. In a memorandum to the United Nations the Pinochet regime said Chile enjoyed a high degree of freedom of expression, with enormous numbers of publications in free circulation. The regime claimed the government was applying powers conferred on it by emergency constitutional legislation "extremely sparingly" and had direct recourse to the courts. Its consistent practice was to respect all court decisions, even those unfavourable to it, the document said. Meanwhile one man was killed and three others injured in bomb explosions at a shopping centre and a bank in an affluent Santiago suburb on Monday night. The bombings occurred more than a month after General Pinochet imposed a state of siege, giving Chilean authorities extraordinary powers to deal with internal security threats. The state of siege was announced in the wake of a spectacular assassination attempt against General Pinochet. Amnesty International report, Page 3

Brazil plans further austerity measures

By Ivo Dawson in Rio de Janeiro

BRAZIL is preparing an austerity package including cuts in public spending and a strong fiscal squeeze, to be imposed soon after the national elections on November 15. But Mr Dilson Fuzaro, the Finance Minister, has reported that no immediate relaxation is planned of the blanket price freeze, enforced by February's anti-inflationary Cruzado plan. The new package follows pressure from industry and economists for substantial changes to the government's economic strategy. Since February a surge in consumer demand has caused supply bottlenecks and shortages of food and other goods. Moreover, despite measures aimed at curbing the spending boom, including a minimum wage freeze, inflationary pressures and overheating in the economy still looks far from abating. A recent government report has shown a marginal fall in retail sales, down from 23.6 per cent in July to 22.8 per cent in August. There has also been a marked improvement in the funds held in government savings accounts, which fell sharply from Cr\$24.8bn in February to Cr\$22.4bn in June. However, consumer prices in September rose 1.73 per cent, the highest monthly rise since the introduction of the Cruzado plan. This leaves accumulated inflation since March at 8.19 per cent. These figures do not reveal the illegal premiums that many consumers and companies are being forced to pay to ensure supplies. One analyst estimates that Brazil's real inflation is now closer to 4 per cent a month. The inflation rate has more than a psychological importance as once prices reach 20 per cent above February's level, the Cruzado plan triggers automatic wage rises equal to 60 per cent of the rise in prices. Many manufacturers have argued for selective price rises in the worst affected sectors, while economists are now arguing for deep cuts in public spending to reduce an operating deficit estimated at 4.3 per cent of gross domestic product.

Stewart Fleming in Washington reports on the aftermath of the summit failure Reagan launches Reykjavik salvage mission

PRESIDENT Ronald Reagan's speech to the American people on Monday night began a rearguard action following the collapse of the Reykjavik summit. Mr Reagan is anxious to preserve his political prestige, to curb opposition to his "Star Wars" strategic defence initiative and to prevent Moscow dividing the Western alliance. With typical audacity President Reagan cast the Reykjavik summit not as a failure but as a success. He ignored the despair and recriminations which erupted in Reykjavik on Sunday night when Mr George Shultz, the Secretary of State, seemed to imply that summitry might be over for the remainder of the Reagan Administration and Mr Donald Regan, the White House chief of staff, in an intemperate outburst on television said of the Soviet Union: "It shows them up for what they really are."

"The door is open and the opportunity to begin eliminating the nuclear threat is within easy reach," he said. Instead of reverting to the harsh rhetoric which was commonplace during his early years in office, Mr Reagan's criticism of his Soviet adversary was rational and temperate. But it was unmistakably designed to shift the blame for the failure to reach agreement firmly on to Moscow's determination to try to kill the defence shield he promises SDI will provide. Mr Reagan and his aides know all too well that they face a daunting task if they are to prevent the events in Reykjavik from casting a pall over the next months of Mr Reagan's presidency. Judging from opinion polls, Americans were never comfortable with the war of words Mr Reagan waged against Moscow in his first three years in office. They share his suspicions of the Kremlin leader's but they believe that one way to try to contain the rivalry is through negotiation, and in particular, arms control talks. The arms talks, which seemed to be getting under way before Reykjavik, promised therefore to provide Mr Reagan with a popular political agenda for his last two years in office — a vital ingredient if he is to avoid being tagged early as a "lame duck" president whose influence is waning. It is no wonder therefore that he suggested on Monday night that the arms control process is not over and that he intends next month to meet Mr Eduard Shevardnadze, the Soviet Foreign Minister. Mr Reagan knows too, and senior Republican leaders are telling him, that he has failed so



President Reagan: Rearguard action

far to rally public support for his Star Wars plan. As Senator Richard Lugar, chairman of the Senate foreign relations committee suggested on Monday, the White House has been vague and inconsistent about what it is proposing and because there is so little it can point to in the way of concrete results from the billions of dollars being spent on it. Congress has already cut sharply the funding for Star Wars and it is now widely anticipated that the programme will come under further attack next year. Politicians of both sides on Capitol Hill have been warning that if Mr Reagan is to continue to obtain Congressional approval for anything like the sums of money he envisages for SDI or for the defence budget as a whole, he must be engaged in arms talks with Moscow. Mr Reagan is seeking to rally support for both SDI and his defence build-up. He is repeating his traditional argument that rebuilding American military strength and beginning work on SDI "most spurred the Soviets to negotiate seriously."

"finest hour" when he displayed the courage to back away from a tempting but, they argue, illusory summit agreement. His adversaries are saying that he has thrown away an historic opportunity to do a deal with Moscow. Some, including Mr Lee Aspin, the chairman of the House armed services committee, are making the same charge against the President as top White House officials are making against Moscow, namely that Mr Reagan's arms control proposals were never meant to be taken seriously. Mr Aspin maintains that given Soviet superiority in conventional weaponry, and the fact that nations like China are nuclear powers, Mr Reagan "could not have been serious" when he made his offer to eliminate nuclear missiles over 10 years. Mr Reagan, with his extraordinary personal popularity and the ability he displayed when he made his offer to convince his audience of the justice of his case, can realistically hope to escape from the wreckage of the Reykjavik summit. Whether or not he succeeds depends among other things on the vagaries of the process by which public opinion is formed in the US, and how Moscow reacts to ongoing arms talks in Geneva.

Mexico deal may miss deadline

By Peter Montagnon

MEXICO AND its main commercial bank creditors were yesterday on the verge of finalising their agreement under which Mexico will receive \$5bn (\$4.2bn) in fresh loans to cover its balance of payments gap between now and the end of next year. But the agreement may come too late for the banks to meet the deadline of October 31 imposed by the International Monetary Fund by when the bulk of subscriptions to the loan must have been received by Mexico's 500 bank creditors worldwide. Completion of the loan agreement follows two weeks of intensive talks since an accord in principle was struck at the IMF annual meeting in Washington two weeks ago. The length of these discussions have served to underline the complex nature of the deal and

heighten worries that it may be badly received in the marketplace. However, bankers on the Citibank-led advisory committee of leading creditor banks, said the negotiators had to work out a precise legal formula for some of the innovative aspects of the package and this had inevitably taken up a lot of time. Among the most difficult areas has been the \$1.7bn in additional contingency finance to be provided by the banks depending on the performance of a number of key indicators of the Mexican economy. Setting these indicators has been made more difficult by the reluctance of bank creditors to commit yet more money to Mexico as its economy slides, impairing its creditworthiness even further. It is understood that this problem is now close to resolution and a full team-sheet of

conditions should be sent to Mexico's creditor banks within the next few days. This will be followed by an intense selling effort to keep the package on schedule. Mexico's package also involves getting fresh conditions on over \$50bn of public sector debt that has already been rescheduled, as well as a commitment to reschedule again \$11.5bn in previously rescheduled private sector debt and an assurance of bank creditors that they will keep in place some \$6bn in short term money market lines to Mexican banks. The package is expected to be very difficult to sell to an international financial community which now seriously doubts Mexico's ability to turn its economy round, but without it the country's IMF agreement and a further \$5bn in official sector loans will lapse.

Seaga ignores pleas to stay on as premier

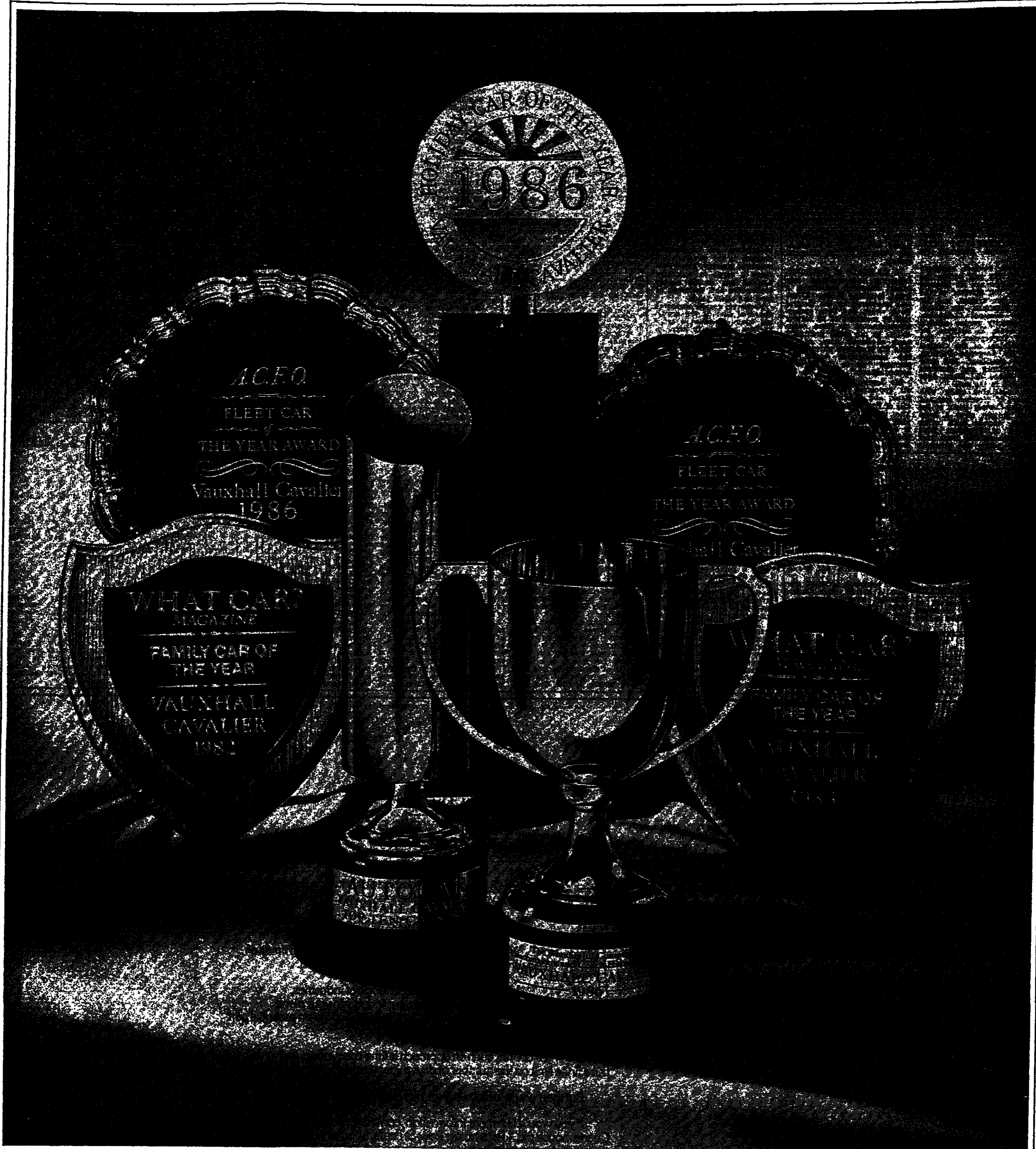
By Canute James in Kingston

THE CRISIS in the ruling Jamaica Labour Party deepened yesterday after the party's national executive failed to persuade Mr Edward Seaga to reverse his decision to resign as Prime Minister next August and as party leader next month. After several hours of discussions by the executive, the Prime Minister said he was "soured" by the support shown to him but that his decision to resign was unchanged. Officials of the Labour Party said, however, they were still confident the Prime Minister would eventually agree to stay in office, but would do so only after he had obtained acceptance of changes within the Cabinet and the party.

Mr Seaga announced his resignation on Sunday after his leadership was criticised by some backbenchers and party officials. The opposition People's National Party led by Mr Michael Manley, a former Prime Minister, has described Mr Seaga's move as "a farce". Mr Percival Patterson, chairman of the PNP, said the leadership crisis could be resolved only by an immediate general election. If Mr Seaga is not persuaded to withdraw his resignation, his successor as party leader would become Prime Minister but would not be bound to seek a mandate through an immediate election. The next general election is constitutionally due in two years but the PNP, which won municipal elections last July, has been calling for an early vote.

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**Now it's our turn to  
be more than generous  
with the Cavalier.**

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SINCE LAUNCH, 16 UK AND INTERNATIONAL AWARDS, INCLUDING, ABOVE: THE WORSHIPFUL COMPANY OF COACHMAKERS AND COACH HARNESS MAKERS, FIRST PRIZE AND CERTIFICATE OF EXCELLENCE, CAVALIER CONVERTIBLE, 1986; WHAT CAR? FAMILY CAR OF THE YEAR, CAVALIER 1.6 GL, 1982 AND 1983; ASSOCIATION OF CAR FLEET OPERATORS, CAR OF THE YEAR, 1985 AND 1986; AUTOCAR, TOP TEN TESTS, FIRST IN CLASS, 1981; THE PLEASUREWOOD HOLIDAYS IN FRANCE/MOTOR MAGAZINE, HOLIDAY CAR OF THE YEAR, 1986.

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B E T T E R . B Y D E S I G N .

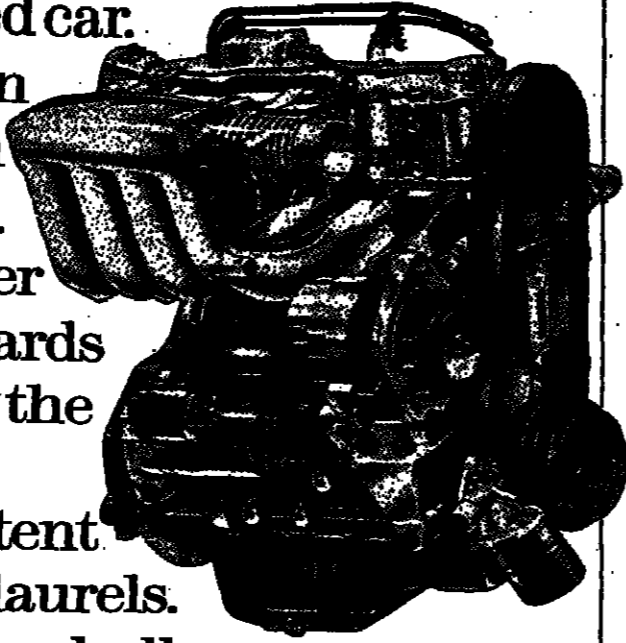
Since its launch, the Vauxhall Cavalier has been a much lauded car.

It was quick to earn words of praise from the motoring public.

It was even quicker to earn copious awards and accolades from the motoring press.

But we weren't content to rest upon our car's laurels.

Hence the new 1987 Vauxhall Cavalier that's parked at the foot of this page



THE NEW 2.0 CD BOSCH FUEL INJECTED ENGINE. TORQUE OPTIMISED FOR EASIER ACCELERATION.

As you can plainly see, our designers had a field day.

They redesigned and colour-coded the front, they tidied up the rear, and refurbished much of the interior.

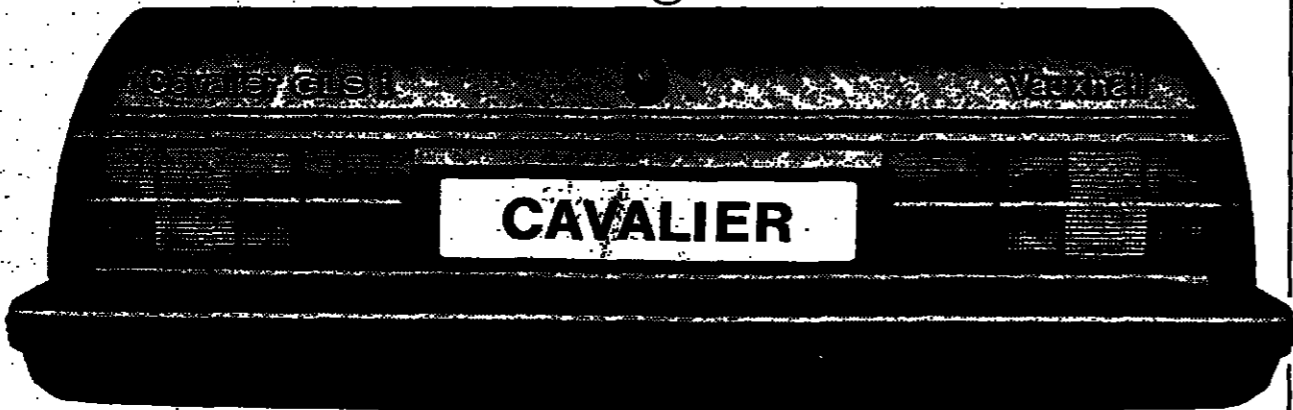
Thus every new Cavalier model has a more luxurious trim level than its predecessor.

The new CD, for instance, is now decked out with a smart new chain velour upholstery.

Whereas the SRi sports a spanking new striped design.

And on top of all this, no model is considered too lowly for height adjustable seat belts (three rear seat belts, of course, are now also standard).

Under the bonnet our engineers, too, have burnt the midnight oil.



FOR 1987, ALL CAVALIERS HAVE A NEATER, SLIMMER TAIL.

They've further improved upon the performance of the GLi, GLSi, SRi and Convertible models.

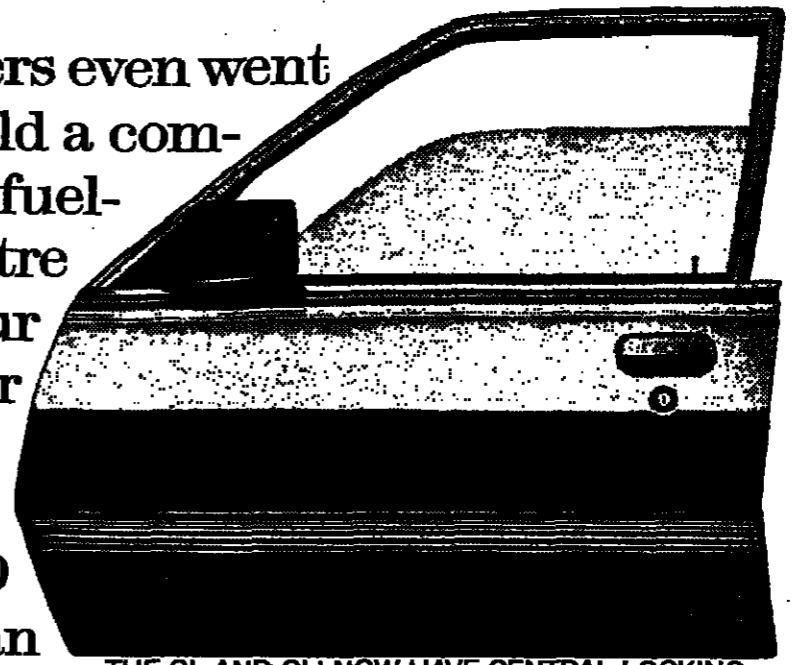
A new Bosch fuel-injected torque optimised 1800 engine should be given the lion's share of the credit.

It's an altogether livelier, more responsive beast, coming into its own especially when quick bursts of speed are needed for overtaking.

And, would you believe, it does so

without guzzling one extra drop of precious fuel.

Our engineers even went so far as to build a completely new fuel-injected two litre engine for our revised Cavalier CD. It moves from 0-60 in a shade under 10 seconds and can go on to deliver



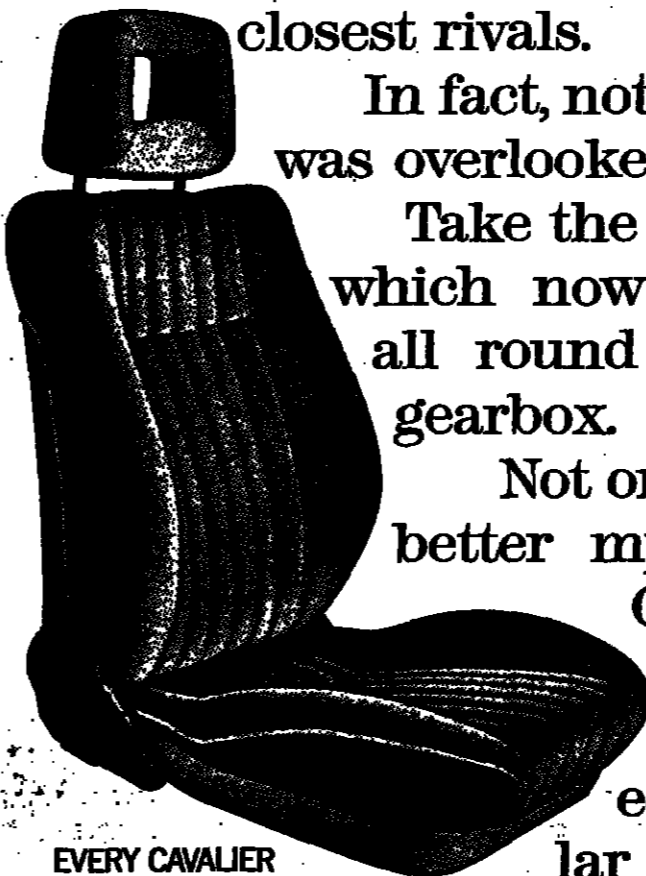
THE GL AND GLI NOW HAVE CENTRAL LOCKING WHILST THE GLSi HAS ELECTRIC FRONT WINDOWS.

a top speed of up to 116mph. And it offers much more punch at lower revs than its closest rivals.

In fact, not one single Cavalier was overlooked.

Take the 1600L, for example, which now has tinted glass all round and a five speed gearbox.

Not only does it give even better mpg., but like most Cavaliers, it further boasts a lower price than a Ford Sierra equipped to a similar level. Both the GL



EVERY CAVALIER HAS A MORE LUXURIOUS TRIM LEVEL.

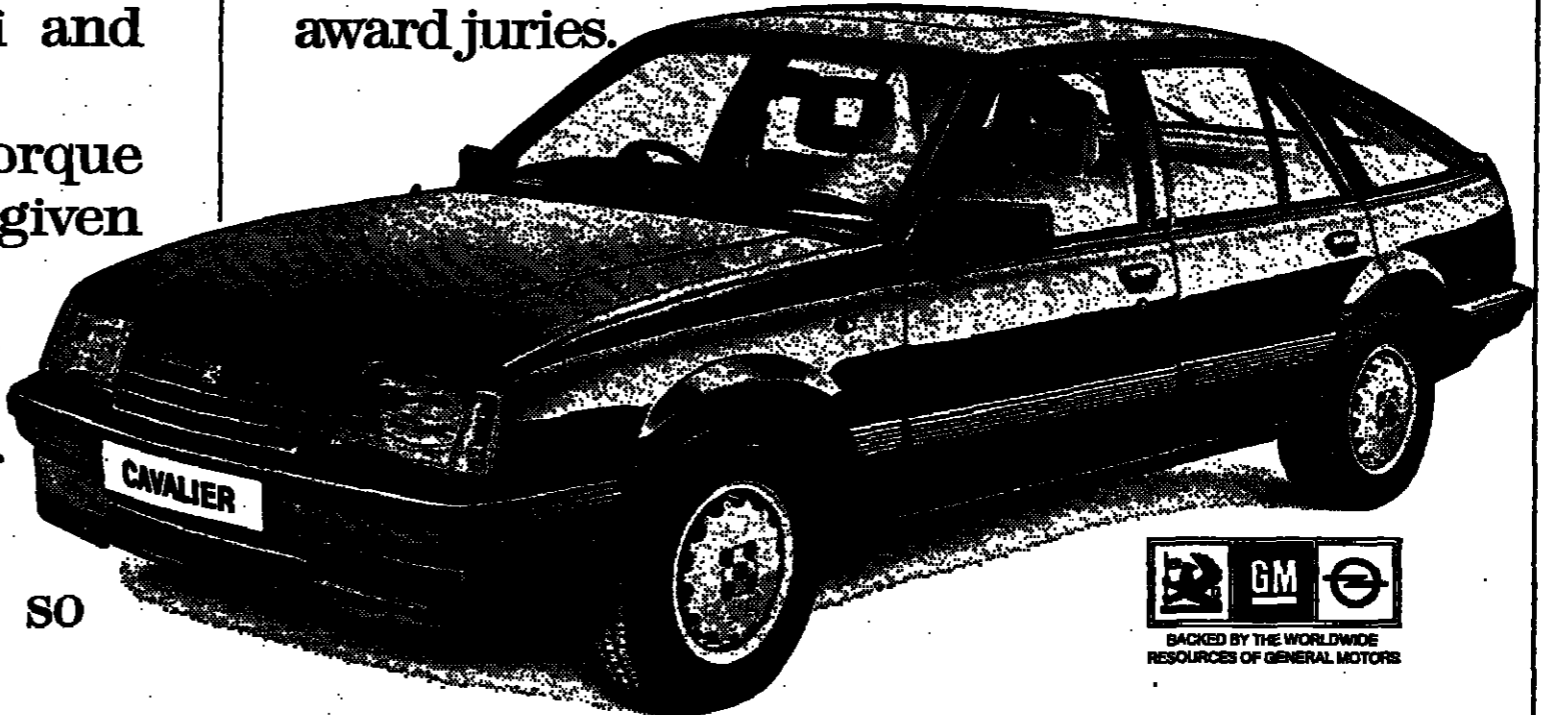
and the GLi benefit from the additional luxury of having central locking.

The GLSi sports brand new alloy wheels and electric front windows.

And the SRi has striking new body mouldings on its skirts, sides and rear, plus a colour-coded rear spoiler and door mirrors.

As you can see, the new 1987 Cavalier has more than enough to impress even the most discerning members of the general public.

Including, we trust, those that sit upon award juries.



B E T T E R . B Y D E S I G N .

MANUFACTURERS PERFORMANCE FIGURES. DOT FUEL CONSUMPTION TESTS MPG (LITRES/100 KM) FOR CAVALIER GL/GLSi/CONVERTIBLE (5-M): CONSTANT 56 MPH 50.4 (5.6); URBAN CYCLE 27.2 (10.2); CONSTANT 75 MPH 38.2 (7.4). SRi (5-M): CONSTANT 56 MPH 46.3 (6.1); URBAN CYCLE 26.6 (10.9); CONSTANT 75 MPH 34.9 (8.1). 1600L (5-M): CONSTANT 56 MPH 49.6 (5.7); URBAN CYCLE 28.8 (9.8); CONSTANT 75 MPH 37.1 (7.6).

WORLD TRADE NEWS

US attacks Japan over tied aid credits

BY PAUL BETTS IN PARIS

THE US yesterday attacked Japan for blocking a possible compromise on the long-running trade dispute over the use of tied aid credits to support exports in developing countries. Senior US Treasury officials also warned that Washington would intensify use of the US Eximbank's two-year \$300m "war chest" to challenge and match rival export bids for big Third World contracts. Washington appears intent in making use of these funds to challenge especially Japanese export bids supported with tied aid credits in the South-east Asian market. Mr Robert Cornell, a deputy assistant secretary with the US Treasury Department, blamed the Japanese for the failure of the latest attempt by western nations to reach a compromise agreement on the vexed question of so-called mixed or tied aid credits at the Organisation for Economic Co-operation and Development (OECD) in Paris last week. The US official claimed that the Japanese refused to negotiate any change in the current formula for calculating the government grant element in a mixed export credit package. "The Japanese single handedly blocked progress at the last meeting," he said. He added that while there were still substantial differences between the US and EEC countries, negotiations between Washington and the Community were taking place "in earnest and good faith." He claimed that the US felt that a compromise was possible with the EEC countries and that Japan had now become the main problem in the protracted dispute. The present OECD system using a notional interest rate (or discount factor) of 10 per cent gives an advantage to Japan and other countries like West Germany and Switzerland with lower interest rates in providing the grant element in a tied aid export credit package. The US and the EEC are proposing to change the system to make it reflect more closely the real interest rates of individual countries. Mr Cornell said yesterday that even countries like West Germany and Switzerland appeared willing to reach a compromise on this thorny issue. "Given Japan's high trade and current account sur-

pluses, it is inexcusable for the Japanese to block the emerging consensus," he claimed. At the same time, he acknowledged that OECD countries were making progress on the other controversial aspects of the current tied aid credit system. This involves the US demands for an increase in the minimum government grant element in any tied package from the current level of 25 per cent. Most western countries are now considering raising the minimum level to around 35 per cent, although the US would like it raised higher to 40 per cent or more. The Japanese also appear to agree on raising the minimum grant element although they remain adamantly opposed to any change in the discount factor. A new attempt to settle the dispute is expected to take place at the OECD in December although the US has warned that it would be pointless to hold such a meeting if it was going to be once again fruitless. Mr Cornell, however, suggested yesterday that pressure was going to build up between now and the end of the year to try to reach some compromise. He added the controversy was becoming a major political issue in the US. In the meantime, the US is expected to intensify its pressure to settle the dispute by continuing to make use of the Eximbank's "war chest" to challenge and match export bids by rival countries.

Hopes rise of accord on digital audio tape

BY DAVID THOMAS

HOPES have risen in Europe and the US about the chances of a voluntary agreement with the Japanese electronics industry on the introduction of digital audio tape, a new sound system developed by the Japanese which could sweep the music industry. The western music industry believes that an early introduction of digital audio tape could damage the sales of compact discs and increase the reproduction of high quality pirated material. However, the Electronics Industry Association of Japan (EIAJ) has agreed to discuss these problems with the International Federation of Phonogram and Videogram Producers, the international trade association representing 640 music companies, in Vancouver, Canada in December. Leading figures in the western music industry had accused the EIAJ of stalling in responding to their request for talks. They believe that agreement to the meeting is a further sign that DAT is now unlikely to be launched by the Japanese before next spring at the earliest. They also think that the interest showed by the European Commission in the issue has helped persuade the EIAJ to agree to the meeting. Commission officials have been considering ideas for legislation requiring DAT machines and tapes to be fitted with an anti-copying device, known as a spoiler. The Commission has also studied the possibility of levies on blank DAT tapes and tariffs on imported DAT recorders. Last week, Brussels announced it would change the agreement through the formal procedures of the

Semiconductor pact under fire

BY CARLA RAPOPORT AND IAN RODGER IN TOKYO

THE semiconductor pact between Japan and the US came under renewed fire yesterday as a top EEC official in Tokyo said the agreement could have "harmful" consequences for European consumers and companies. Mr Christopher Wilkinson, EEC head of strategy on information technology and telecommunications, said the bilateral resolution of high technology issues between the US and Japan "will not do from a European point of view." At the end of last July, the US and Japan signed a pact on semiconductor trade aimed at increasing American chip-makers access to the Japanese market and reducing alleged dumping of Japanese chips in the US. Japan's Ministry for International Trade and Industry (MITI) said yesterday that the EEC complaints were unfounded. The EEC Commission has said it fears US companies will be favoured over European ones when it comes to increasing sales of foreign chips in Japan. MITI reiterated yesterday that there would be no discrimination. EEC officials had already been invited to join the new market access unit which is being set up following the settlement. MITI said the objective of price monitoring was to prevent dumping, a subject which was in everyone's interest. It would accede to any request for a meeting by the GATT committee, but it would not back away from the agreement. Mr Wilkinson said the best situation would be "if the agreement could put into cold storage for six months" and both parties found other ways to reduce the tensions.

JAL places \$869m order for 11 Boeings

By Carla Rapoport in Tokyo

JAPAN AIR LINES has given a \$869m order to Boeing of the US for 11 new jets. JAL, which operates the world's largest Boeing 747 fleet, will be buying six 270-seat 767-300 and five 747-300 aircraft. Three of the aircraft will be for international use and the rest for domestic use. JAL has five Boeings on order, including two 747-300 long-range aircraft for international flights and a 747-300ER series freighter. The new order further confirms JAL's commitment to Boeing in spite of the crash of one of its 747s last year with the loss of more than 500 lives. The reasons for the crash have yet to be fully determined, but both Boeing and JAL have accepted joint responsibility for the crash. The first aircraft in the new order is scheduled for delivery in early 1988 and the rest in 1989. JAL is 34.5 per cent government owned, but the Japanese Government aims to privatise the company within the next two years.

Chinese telecoms deal for UK group

BY DAVID THOMAS

CABLE and Wireless, the UK telecommunications group, is to help modernise the telecommunications system in the Yangtze delta region of China, which includes Shanghai. The contract, details of which are due to be announced in China today, represents a significant development of Cable and Wireless's operations in China. The deal is understood to involve advice and technical assistance on the installation of a microwave system which will link up more than 20 cities in the region. It is likely to follow the broad outlines of a project near completion by Cable and Wireless in Guangdong province. The company has been helping the Guangdong Post and Telecommunications Bureau to provide what observers consider to be the most modern telecommunications network in China. A 6,000 km fibre optic stretching across Guangdong was opened in March. Cable and Wireless does not manufacture telecommunications equipment itself, which it believes underscores its independence in helping to modernise telecommunications operations. It is also due to announce details of plans for the Pearl River delta region of China on Friday.



pleasing system to the Huxiang Nanchang Oil Telecom Services Company, which is 40 per cent owned by Cable and Wireless, last year. It has also sold two optical fibre transmission systems in China this year. There has been fierce competition among mobile telephone operators in Hong Kong since the service was launched last year. Cable and Wireless yesterday announced a plan to improve its network by allowing better transmission. NEC will be providing equipment on the network including its new hand-held telephones, which Cable and Wireless said are smaller and lighter than those available in Hong Kong.

Egyptian truckmaker cuts targets

By Tony Walker in Cairo

GENERAL MOTORS EGYPT (GME), manufacturers of light to medium-sized trucks, has scaled down its production targets because of reduced demand in the market. Mr Richard Kirkman, head of GME, said the target this year was 5,000-6,000 units, compared with original projections of 11,000 of its 1 tonne and 3 and 6 tonne trucks. Mr Kirkman blamed the reduced production targets on Egypt's economic downturn and higher-than-expected costs because of exchange rate fluctuations. GME, and partnership of General Motors of the US, Isuzu of Japan and private investors, is licensed to build 18,000 trucks a year and had planned to reach that target within two years. The dramatic strengthening of the yen is one of the major factors contributing to GME's problems. The additional cost of severe restrictions on vehicle imports there was still a residue of light commercial vehicles in the market and these were providing stiff competition for GME. Meanwhile, Mr Jim Dunn, head of General Motors passenger car project in Egypt, said he expected production to begin on schedule in the middle of next year. Mr Dunn said final contract negotiations were proceeding

Vickers to participate in Peking arms exhibition

BY COLINA MACDOUGALL

THE FIRST armaments joint venture between China and a foreign country expects to unveil its wares in a premiere for potential world customers in Peking early next month. Vickers Defence Systems of Britain and the Chinese arms manufacturer Norinco plan to display their jointly-built armoured personnel carrier (APC) at the week-long Asiander arms exhibition which begins on 4 November. This will be the first move in a marketing campaign planned by the Chinese partner, which has sent out 200 invitations to the exhibition and, so far, received around 100 acceptances. Under the memorandum of understanding signed last March, Vickers have produced the first APC turret for the vehicle in a record six months. This was flown last week to Peking. Norinco are supplying the chassis from the Yong Ding Machinery Works outside the Chinese capital. The assembled vehicle is expected to cost substantially less than the all-British Warrior, the APC built by Vickers and its partner GKN of the UK. Vickers are pleased with the

framework of the deal because it does not involve setting up a joint company, which in the Chinese context has led to serious management problems. Building one prototype is all that is required, since, as is normal in arms deals, further manufacture will await customers' orders. China, which is believed to have sold at least \$1.6bn worth of military equipment to Iran alone in the past two years, has markets in Africa and the Middle East for which the new vehicle, the NV1 or NV1.4, the longer, amphibious version, may be suitable. The two-man Vickers turret, armed with a Hughes 25mm chain gun, is more advanced than the previous Norinco model, while the tough but spartan Warrior chassis keeps the overall price down. Sir Edwin Bramall, former British defence chief and now director of Vickers Defence Systems, is expected to go to Peking for the exhibition. He and Sir David Plastow, managing director of Vickers, had talks with the Chinese Defence Minister, Mr Zhang Aiping, on his visit to Britain last month.

India may favour Japanese among car industry suitors

THE Indian Government is likely to allow only Isuzu and Nissan from Japan to set up new car manufacturing joint ventures if the Indian Cabinet approves a policy for the motor industry which is being considered by Ministers. This would probably lead to the rejection of manufacturing proposals from Honda of Japan, Citroen and Peugeot of France and other foreign companies unless they make significant changes to either the size of the cars they plan or the amount of foreign exchange involved. Indian policy also proposes wider transport initiatives to tackle the problem of India's inadequate, crowded road system. These include involvement in the private sector in the construction and toll of operation of major roads, importing foreign road-making machinery, and abolishing a system of regional goods taxes, called Octroi, which slows down road transport at provincial borders. A system of road-worthiness certification might also be introduced to remove old inefficient vehicles from roads. At a time when India's balance of payments is under pressure, the policy is aimed at restricting a heavy outflow of foreign exchange on manufacturing collaborations for India's limited saloon car market and at improving the fuel and general efficiency of commercial road transport. During the past four years many collaborations have been set up with Japanese companies to produce two wheelers and light commercial vehicles in India, following a joint venture agreement for 300cc cars between Suzuki of Japan and Maruti of Tokyo, an Indian-government-owned company. The government has become concerned at the outflow of foreign exchange involving such collaborations, especially on the import of components when the number of local components in vehicles is low. For this reason the new policy proposes that only experienced car manufacturers

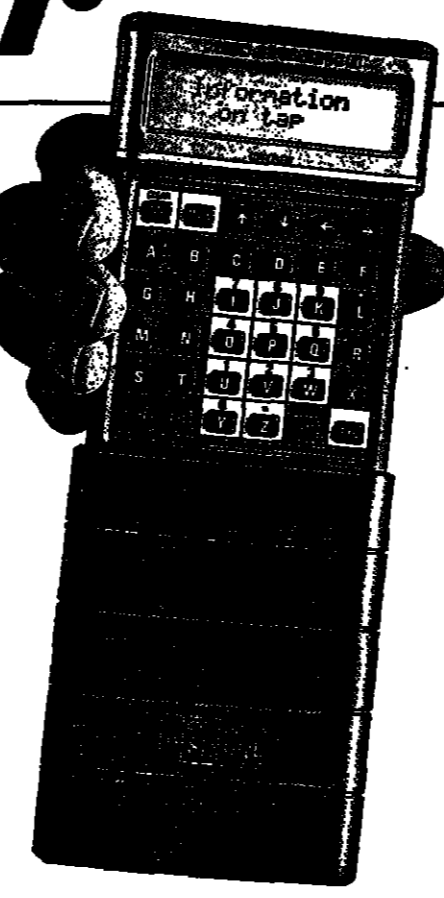
John Elliott reports on plans to limit the numbers of foreign partners in motor manufacturing which have already achieved at least 50 per cent local content on existing models should be allowed to strike new foreign deals. It also proposes that buy-back and other export arrangements should be introduced so that there is no net outflow of foreign exchange. This indicates that proposals from India's two traditional motor manufacturers, Hindustan Motors and Premier Auto, for new cars in the 11-1300cc range from Isuzu and Nissan will be allowed to go ahead. Maruti, however, would also

be given approval for an application it lodged with the government last week to introduce a new 11-1300cc Suzuki model. The foreign exchange cost would, the company says, be covered by exports of the car. A proposal from Telco, the automotive part of the giant Tata industrial empire, for the 1800 cc Honda Accord, would however be at risk because Telco has produced only commercial vehicles in the past. Criticism about using foreign exchange on a luxury car is also being levied in the Government against this proposal, which means Tata might have to consider introducing a smaller model. Other plans from Escorts of New Delhi for the Citroen 2CV, from Mahindra and Mahindra of Bombay for Peugeot cars, and possible tie-ups involving Fiat of Italy and Volkswagen of Germany would also, it appears, be rejected.

Man Friday. Saturday, Sunday, Monday, Tuesday, Wednesday, Thursday.

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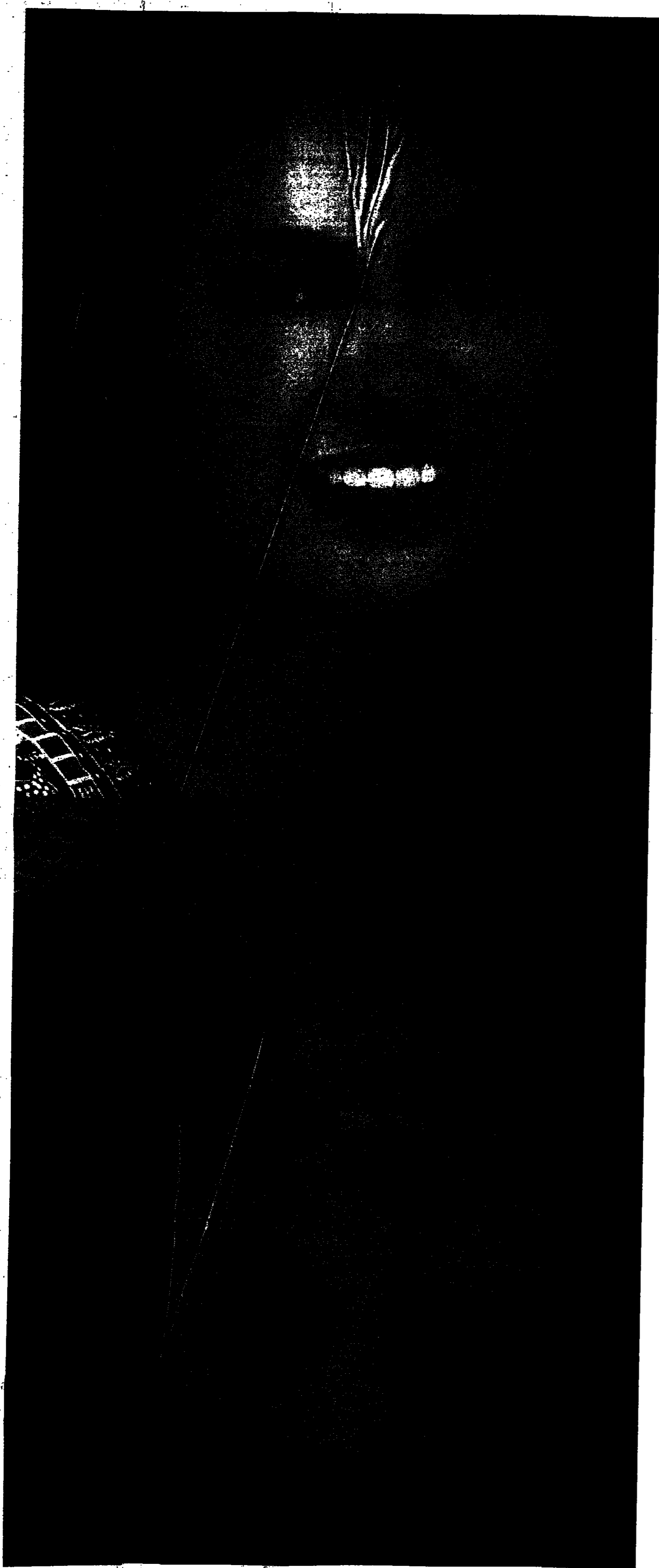
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# MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

## Tableware

# Waterford: in search of added sparkle

### Hugh Carnegie explains the Irish group's takeover of Wedgwood

"WATERFORD WAS a very fancy-rated company that suddenly stopped growing and slipped back to being more like any old Irish equity. Yet they always had a very good core business."

The key to the story of Waterford Glass—of how it lost direction in the early 1980s as its subsidiary companies ran into trouble and was then revived within two years to be able to mount last week's £250m takeover of the Wedgwood china group—is contained in that remark by a Dublin stockbroker.

The watershed came in 1984 when the biggest shareholder, an Irish family trust dominated by a family called McGrath who were partners in the Irish Sweepstake, sold its 50 per cent share to Globe Investment Trust, Britain's biggest investment trust.

Globe wasted little time in shaking things up. In early 1985, it brought in as chairman and chief executive, Paddy Hayes, who up until then had been chief executive of Ford in Ireland. A tough, crinkly-haired Cork man, Hayes was ripe for a new start after completing the depressing task of shutting down Ford's assembly plant in his native city as the motor trade in Ireland contracted dramatically. He had no previous experience of crystal making but his background would help him deal with one of Waterford's burdensome subsidiaries, the Smith Group, which held the Renault franchise for Ireland.

In a presentation to US investors earlier this year when Waterford successfully raised \$42m in an ADR issue on the American market, Hayes described Waterford prior to 1984 as a company with "two marvellous products"—Waterford crystal and Aynsley china—and some unrelated and sometimes unprofitable subsidiaries. He added bluntly: "and, it must be said, some management and board members who were not committed to change and growth. This can be seen from the fact that most of the company's directors at the time had re-

tired from business and were well into their 60s."

There was a wholesale clear-out of the old regime. Nine directors, including three members of the McGrath family and the previous group managing director, retired. Among those brought in were Redmond O'Donoghue as director of sales and marketing, a role he previously performed for Ford in Spain, and Gerald Dempsey, appointed as vice-chairman for the US and Canada from Aer Lingus, where he was in charge of the airline's successful ancillary businesses.

New non-executive directors included David Hardy and Quentin Morris, respectively chairman and director of Globe Investment, who have since played a key role in helping guide Waterford's revival and in the Wedgwood bid.

The task was to sort out a situation in which the heart of the group, albeit with the odd murmur, was beating soundly, but was having to carry the burden of maintaining circulation to non-performing limbs.

### Disposal

In 1985, for example, before the disposal of the two main subsidiaries—Smiths and Switzers—Dublin department store—Waterford and Aynsley accounted together for 43 per cent of group net sales totalling £125.5m and 92 per cent of operating income totalling £22m. Switzers contributed 23 per cent of sales but only 3 per cent of income while for Smiths the figures were 27 per cent and 2 per cent respectively.

Why did Waterford get entangled in such diverse, and ultimately such cumbersome businesses?

The decision to grow out of crystal making came at the end of the 1960s at a time when Waterford's updated factory at Killybegs, Waterford, near Ireland's south-east coast, took full advantage of a growing prestige market in the US for its high-quality, high-priced full-lead crystal to establish big earnings.

However, the company did not have the asset backing for a debt financed expansion and thus took advantage of its strong share price to grow by means of share exchange acquisitions. It made sense at the time," says one long-time observer of the company.

The rationale was that the Irish economy was doing well and was set to expand when Ireland joined the European Community (the early 1970s was a time of net immigration, so optimistic was the mood). Diversification into the domestic economy seemed sensible. The first acquisition, in 1970, was Aynsley, then a year later Waterford bought a majority share in Switzers and took over the Dublin postcard and greetings card maker, John Hinde (which remains profitable and is still in the group).

Buying into Switzers, an important retail outlet for Waterford Glass, was not such a radical move away from the core business, but the purchase of the Smith Group in 1974 was. Still, with the economy in good shape and the effect of the oil shock yet to be felt, the motor trade seemed like a good proposition.

"For some years we had some good success with these companies, but then the recession came and some began to lose money," says Anthony Brophy, the Waterford financial director whose experience spans both the pre- and post-Globe era.

By last year, the Smith Group had been so hard hit by the dramatic contraction of the car market in Ireland—where the recession, combined with very high duty and taxes imposed to slash new car buying—that losses were £1.5m and Waterford was forced to set aside nearly £10m in rationalisation costs for the company.

Neither had Switzers blossomed and, when Globe stepped in in 1984, the situation had reached a point where group net debts, as at the end of 1983, were at an all-time high of £47m. Globe saw the first priority as being to sort out the financial structure. This was achieved partly by cutting the level of inventories which had built up during the early



Paddy Hayes (top) and Sir Arthur Bryson together Waterford and Wedgwood will tackle the prestige markets of the world

1980s. By the end of last year, debt was down to £11.6m.

Then it was decided to concentrate on getting the group back to the traditional, and still successful, job of making glass.

Once the McGraths got the new company going after the Second World War, it did not take long to re-establish the reputation of Waterford, by building a name for itself in the US at the top of the market through moves such as supplying the White House.

The US in the mid-1980s was as strong a market as ever, and Aynsley China was also doing well. Fifteen years after diversification had seemed to be the answer, though, the

opposite became the case. The 60 per cent share owned in Switzers was sold to the minority partner, House of Fraser, at the end of 1985, and the Smith Group was sold to Dublin motor dealer, Bill Cullen, for a nominal price in August this year.

What prospects then beckoned for Waterford?

In terms of production, its Killybegs plant, employing 2,500, has established capacity to make new lighting ware products and a spectacular onsite gallery/store has just been opened. Waterford expects to produce greater efficiencies mainly through the introduction early next year of new gas furnaces which will fuse the

raw materials of red lead oxide, potash and silica sand more quickly and more cheaply into better quality crystal.

Unusually, the only labour relations problems have stemmed from the high rates paid to the skilled workforce which in the past has staged sporadic stoppages to protest against the Irish tax regime which can take as much as 70 pence in the pound at the margins from pay-as-you-earn workers.

It is the opportunities which Wedgwood's strengths offer to break down the Irish company's growth limitations which make it so attractive to Waterford.

The predominant marketing feature of Waterford and Aynsley is the importance of

the US. Just under 50 per cent of their business is in America and much of the 20 per cent accounted for by Ireland and 13 per cent by the UK—the two next largest markets—goes to American tourists. Hayes estimated earlier this year that as much as 80 per cent of Waterford product is bought by Americans.

By contrast, mainland Europe accounts for a mere 5 per cent of business and Waterford has no presence whatsoever in Japan. Another remarkable feature is that Waterford has maintained its position at the very top of the market in the US, increasing volume sales notwithstanding price rises that put the average price of its stemware at \$60, at least \$25 more than its competitors.

The reliance on the US market also gives Waterford a very heavy exposure to the dollar. This has meant a need to hedge mainly through forward sale of dollars.

To ensure growth and reduce this reliance on the dollar, Waterford needed to increase its share of the European market and of strong potential markets such as Australia and to break into Japan. It was an expensive and lengthy prospect and thus one of the chief attractions of Wedgwood is the access it will give to these areas.

An early boost lies in Britain where Waterford has far fewer outlets than Wedgwood. "Waterford will be able to retail through Wedgwood's 150 'shop-in-shops'. There is an immediate benefit there," says Anthony Brophy, Waterford's chief financial officer. "The UK is a market that Waterford felt it had a much greater potential in and that can be exploited to the full."

Wedgwood's marketing and distribution networks in Europe and the Far East will also be tapped by Waterford. "It'll now be less expensive and much quicker," says Brophy.

He says one thing Waterford will not be doing is aiming for a market, adding that improved quality in machine-made crystal had not eroded demand for premium-priced handmade glass. "You could say Wedgwood is more an investment than a pure purchase. The time must be preserved in its entirety."

The Wedgwood deal also demonstrates what has been true in Waterford's fellow Irish company, paper and Irish clock maker, Jefferson Smurfit. When an Irish company has established a widely acclaimed name and reputation it seems to have little option but to disregard its home economy as a major route to expansion and instead turn to world markets.

## Management abstracts

Webb lost as a career transition. J. C. Latack and J. E. Dooler in *The Academy of Management Review* (US), April 1986 (17 1/2 pages)

Discusses how career growth can be generated from involuntary job loss as a "trigger" event; looks at the psychological effects of job loss, and examines individual characteristics and environmental factors that can stimulate the transition process. Discusses strategies that the firing organization can follow, such as severance benefits and outplacement, to help turn job loss into career growth.

Not all chief executives should be spokespersons. R. E. Reidenbach + R. E. Pitts in *Journal of Advertising* (US), Vol 15 No 1 (7 1/2 pages)

Describes a study of the use of CEOs as company spokespersons in advertising, e.g. Victor Kiam; contends that not all CEOs have the necessary qualities in terms of credibility, and that the majority do not score well in persuasiveness; draws conclusions from the existing industrial superstars like Lee Iacocca.

Effective communication in an information society. J. C. Bennett + R. J. Olney in *The Journal of Business Communications* (US), Spring 86 (10 pages)

Produces results of a study of Fortune 500 company executives business communication skills considered to be most important, those that are the most problematic (lack of clarity tops the list), and what type of communication skills help an executive to get to the top.

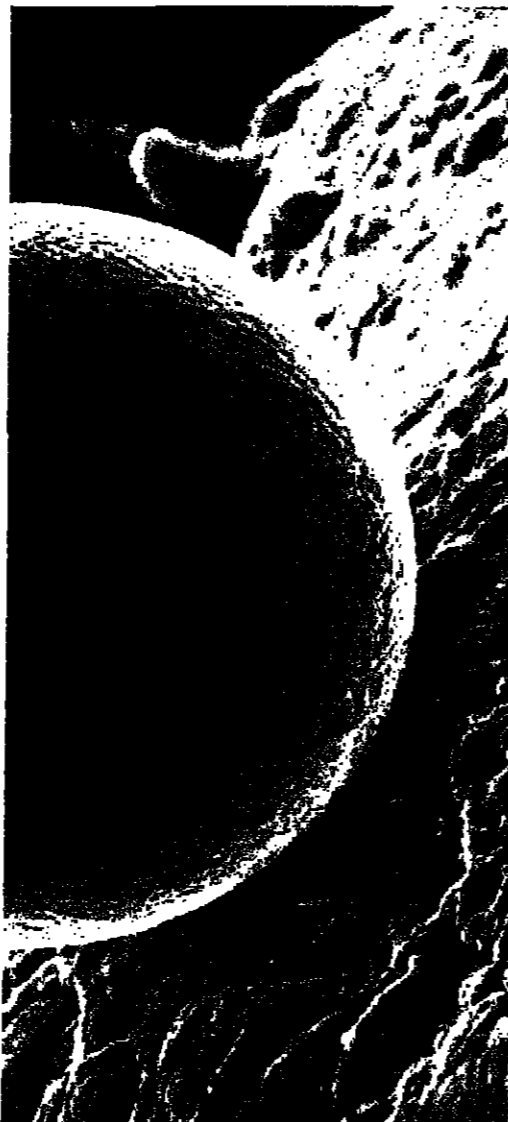
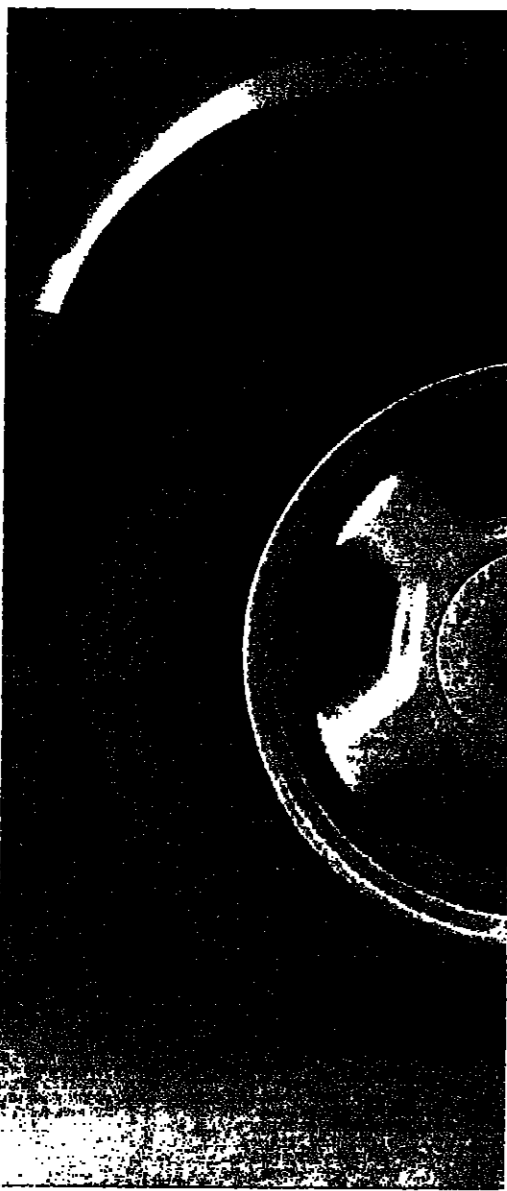
Human problems in strategic planning systems. R. T. Lenz + M. A. Lyles in *The Journal of Business Strategy* (US), Spring 86 (9 1/2 pages)

Describes the human issues that often frustrate the strategic planning process, e.g. budget padding, unwillingness to address strategic issues, and the failure to implement plans; identifies causes, inter alia, failure to match individual aptitudes with assigned planning tasks. Discusses how these human aspects can be managed, by participation in designing the planning process, modification of the reward structure, decentralisation of planning decisions, and chief executive support; looks particularly at ways of managing individual cognitive strain and role stress.

These abstracts are condensed from the abstracting journals published by *Anchor Management Publications*. Licensed copies of the original articles may be obtained at a cost of \$4 each (including VAT and p & p; cash with order). Anchor, PO Box 22, Wembley HA9 8DL.

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# FRENCH INDUSTRY

## Renault Truck slows down RVI in its dash for profitability

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

"It is not my business to protect employment or to protect poor suppliers but to save the truck industry in France," says Mr Philippe Gras, chairman of the state-owned Renault Vehicules Industriels.

Mr Gras, Renault's commercial director of RVI, took over as chairman early last year after the group had reported a record FF 3bn (£450m) loss.

He immediately focused his attention on the problems associated with the appalling financial results. RVI had too many people on the shopfloor and on its staff; it had too many production sites; inventories were too large; the subsidiaries in Spain and the UK were losing too much money; and the company was making too many of its own components.

Mr Gras has had some success. RVI reduced its first-half loss from FF 800m to FF 400m this year and is on course to cut the full-year deficit from FF 1.5bn to FF 1bn.

He is sure that RVI will be profitable by 1988 even if no changes are made to the balance sheet which is top-heavy with debt and means the company has to find between FF 400m and FF 500m of annual interest payments.

There remains one major thorn in RVI's side: the UK subsidiary is not heading towards break-even as it should be.

So the future of the subsidiary, Renault Truck Industries which employs 1,300 at Dunstable, Bedfordshire, is being reconsidered.

A new managing director, Mr Francis Cousin, 40, who has been in charge of RVI's Belgian company, has been appointed and given until the end of the year to develop a new strategic plan for RTI in Britain.

Mr Gras says that "closure is an extreme option," but he will not rule it out entirely.

Mr Cousin replaces Mr Laurent Brisbet who for five years supervised a radical reorganisation of RTI's production facilities. Mr Cousin is expected to switch the emphasis to sales and marketing.

£100m (\$145m) in the UK subsidiary, formerly known as Dodge, to buy the shares and to cover losses since 1981.

Mr Gras acknowledges that RTI's difficulties stem mainly from the fact that the Dodge trucks, which provide its bread-and-butter business, are getting old, while at the same time the company's major customers are municipal authorities who have "bureaucratic" policies.

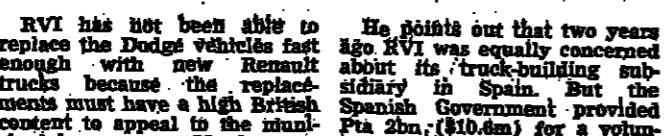
in 1985, or the £73m net loss Bedford, General Motors' UK subsidiary, sustained that year.

But Mr Georges Besse, chairman of the parent Renault group, has issued instructions that "every subsidiary and every subsidiary's subsidiary must become profitable."

employed down by 19,000. This follows a cut of 2,500 jobs in 1985—people left because we put an intense pressure and just plain fired some with the approval of the Ministry of Labour.

Mr Gras says this is part of a drive to get costs down and productivity up. RVI carried out 200 different studies to compare its own operations with those of competitors in truck building, component production, forging and foundries, to see what was required to improve competitiveness.

Fig 198: a truck suitable for assembly in Britain?



RVI has not been able to replace the Dodge vehicles fast enough with new Renault trucks because the replacements must have a high British content to appeal to the municipal buyers, says Mr Gras.

Industry observers point out that RVI has an obvious replacement for the Dodge 50 trucks in the Renault S-range which uses the same Perkins engine. If the S-range was put into production in Britain it could have a UK-produced drivetrain (clutch, gearbox and shafts). This is something Mr Cousin almost certainly will consider when drawing up his strategic plan.

There remains the question of whether UK municipalities will ever accept Renault as part of the British truck-making establishment.

RVI will not be able to use the Dodge brand the authorities know so well on new vehicles because it belongs to Chrysler of the US, which owned the UK Dodge company until Chrysler sold all its European assets in 1979.

RVI cut its pre-tax loss to £7.5m last year, from £10.2m in 1984 and £12.4m in 1983. The losses were not huge by comparison with those sustained by Leyland, the state-owned British group which suffered a slim operating loss

He points out that two years ago RVI was equally concerned about its truck-building subsidiary in Spain. But the Spanish Government provided FF 2bn (£10.4m) for a voluntary redundancy programme which cut the workforce by 500 to 2,000, to put the company on the road to recovery.

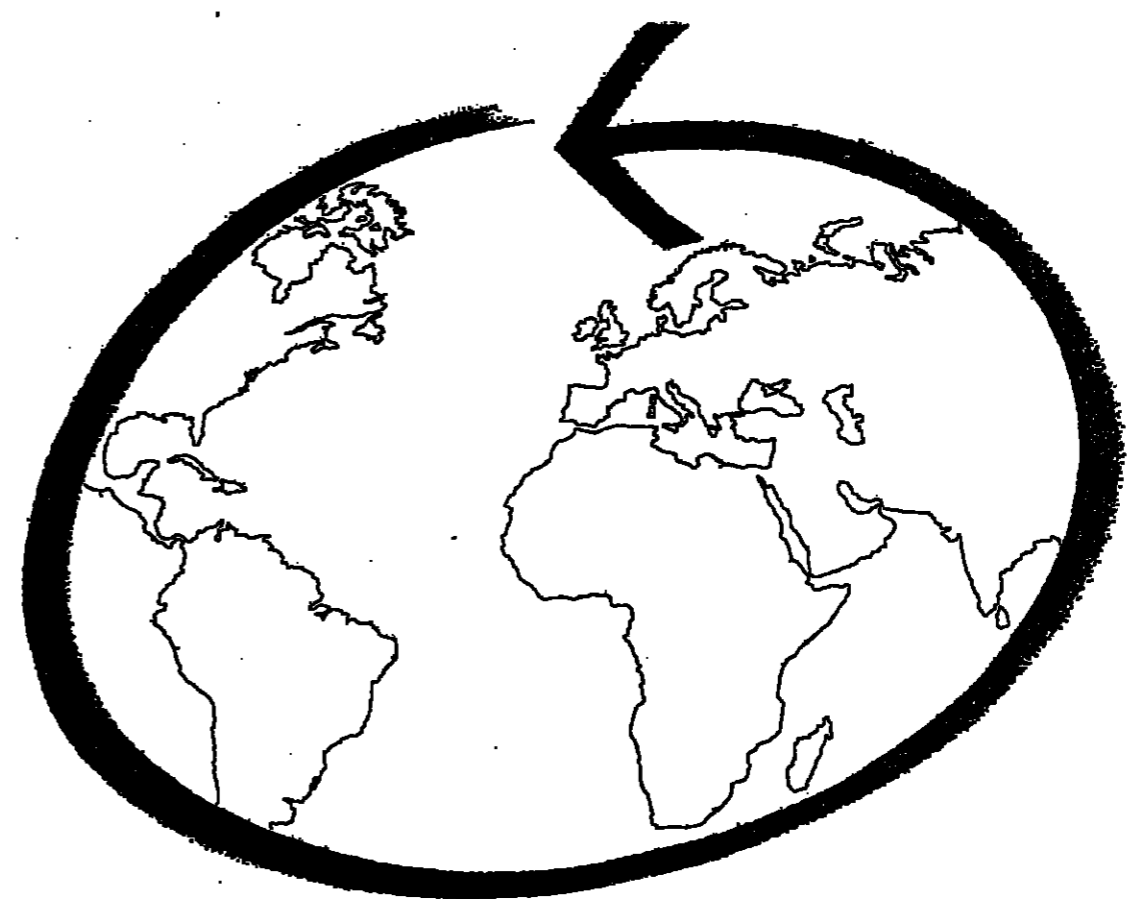
Some old-fashioned components used by the Spanish subsidiary, such as cabs for heavy trucks, are being replaced by modern ones supplied from France. In exchange, the Spanish company is becoming the sole supplier of glass components to the whole RVI group.

Mr Gras says the Spanish effort is now making a net profit—although we still lose money on the trucks we sell to the Spanish company so there is an overall loss to the group.

He adds: "Two years ago we were worried about Spain but it turned round. Before we contemplate extreme solutions (in the UK) let's do what we did in Spain."

It is reasonable to assume that much of what Mr Gras says is directed as much at the unions in France as at UK employees.

In France he has just instituted another job-reduction programme which will involve a further 3,000 going by the end of 1987 to take the number



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INTL: COMPANIES and FINANCE

John Wicks on the Swiss group's shift from primary production
Aluisse quits the smelting race

ALUISSE has been in the aluminium business a long time... In 1988 it opened Europe's first aluminium electrolysis at Neuhausen, just below the Rhine Falls...

Despite occasional tussles with the Reykjavik Government, there are no plans to reduce capacity at Icelandic Aluminium — though Aluisse

to grow in local-currency terms at a rate above that for Swiss GNP, with expansion centred on intermediates, fine chemicals and chemical specialties.

Table with 2 columns: Turnover, Net profit. Rows for years 1980-1985.

Aluisse's reorganisation will not result in a complete withdrawal from aluminium. Apart from the remaining smelter capacity and, upstream, the controlling interest in the Gove bauxite mine and alumina plant in Australia, Aluisse is still interested in staying in the anode business.

Smelter capacity, which amounted to 908,000 tonnes in 1985, will be only about half this next year. In America the group is to dispose of its 66 per cent stake in Ormut, an Ohio producer, for \$32m, and will complete the closure of its New Johnsonville smelter by the end of the year...

Metal aerosol cans are increasing their sales, foil activities are "on the whole satisfactory" and the group sees plenty of chances for composites such as the packaging and construction materials "Alcobond" and "Steralcon", production of which is being expanded.

As far as geographical strategy is concerned, Aluisse's presence in the US has shrunk substantially in the wake of recent disposals. But the US will remain an important site for operations, specifically aluminium-division specialties like ceramic filters, composites and laminated foil and Louza products such as swimming-pool chemicals and foam panels.

How long will Aluisse keep its present name? "We haven't even thought about it," says Mr Alfred Schmidweber, senior vice-president. "In the foreseeable future, we don't intend to give up the 'Swiss' part of the name, which we see as an asset on the world market."

The aluminium market started to head for trouble in the 1970s, as capacity gradually outstripped demand. The industry world wide took too long to realise what was happening and kept on reckoning with improved prices and new growth.

Thus Aluisse's US subsidiary Conalco will no longer produce primary metal. The parent's readiness to quit

By 1989, when group sales are likely to have dropped to about SFr 6bn—compared with the 1984 record of almost SFr 8.5bn—the name Swiss Aluminium will have become something of a misnomer. To an increasing extent, Aluisse will be dominated by chemicals, composite materials and other special products.

A key role in future trading will be played by Louza, the Basic-based chemical company acquired in 1974. Louza plans

at the current price of Bfr 8,400 would produce Bfr 1,680m. The rest would be raised by the sale of Bfr 1.5bn in bonds with warrants reserved for GB shareholders. A portion of the issue will be reserved for company employees, according to a GB statement, and the transaction will be carried out in November.

GB-Inno plans combined share and bond issue

BY QUENTIN PEEL IN BRUSSELS

GB-INNO-BM, the largest Belgian retail group, is to raise more than Bfr 3bn (\$72m) in additional capital through a combined share issue and sale of bonds with warrants.

Showing continuing stagnation in turnover in the Belgian retail market—although a significant increase in net profits

The company is expecting an improvement in the second half as the extra disposable income from falling petrol prices starts to work through into the general retail sector.

The money is intended to finance expansion of the group both in Belgium and outside the country and repay outstanding loans.

Sales in the first half by the group, which includes supermarkets, hypermarkets, department stores and fast food restaurants, remained the same as in the first half of 1987, at Bfr 62.5bn but after-tax profits were up from Bfrs 294m to Bfrs 373m, an increase of 26.8 per cent.

Nonetheless, analysts expect the capital increase to be devoted in significant part to expansion outside the country, where there has been a variety of interests in do-it-yourself stores in the US, Britain, France and the Netherlands.

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Partial advertisement on the right edge of the page, showing 'shop', 'projec', 'planni', 'BASF', 'Loyds', 'Base'.

UK NEWS

# Shopping centre projects face planning curbs

BY WILLIAM COCHRANE

THE GOVERNMENT is planning a clampdown on the development of large shopping centres, especially in protected areas of the countryside known as green belt.

Under plans announced yesterday by Mr William Waldegrave, Minister for the Environment, local planning authorities will have to consult the Department of the Environment before they may approve any development with more than 250,000 square feet (23,225 sq metres) of retailing space.

A direction to this effect, allowing the Government to place such projects under close scrutiny, will be made soon, Mr Waldegrave told a Confederation of British Industry (CBI) conference (CBI) in London on the future of shopping.

Proposals for schemes of 1m sq ft or more have become almost commonplace in recent years, and Mr Waldegrave's announcement coincided with the official opening yesterday of a £200m shopping complex of 2m sq ft in the Gateshead enterprise zone in north east England.

Mr Waldegrave was especially critical of green belt projects. He warned that developers who appealed against planning refusals might "find they have the costs of any inquiry awarded against them."

"Hardly a week goes by," he said, "without our reading in the press of yet another vast shopping centre - or more often a 'shopping and leisure complex' which it is proposed

to build in the middle of the green belt."

"It is difficult to see why major developers and institutional investors should be advancing these giant speculative projects which fly full in the face of long-established green belt policy - a policy to which this government is fully committed."

He said that promoters of some of the "wilder" schemes have no reason to think that they will succeed in breaching green belt policy.

"It could well be considered irresponsible to launch these proposals which run completely counter to established policy," he said. "Those who pursue them to the point of appeal may find that they have the costs of any enquiry awarded against them."

Mr Colin Kerr, chairman of the conference, estimated the current boom in shopping "megacentres" proposals at 27m sq ft to date, and said that this was "only the tip of the iceberg."

Major retailers last night seemed to be mostly on the Government's side. Mr Roger Aldridge, divisional director of estates at Marks and Spencer - which envisaged the out-of-town boom with its move to the Gateshead MetroCentre - said that while Marks and Spencer was involved in six or seven out-of-town retail projects, it had made a policy decision against green belt locations.

## GROUP CONSIDERS MAJOR EXPANSION IN COMMUNICATIONS SECTOR

# GEC may take large stake in cable TV

BY RAYMOND SNODDY

THE GENERAL Electric Company (GEC) is considering making major new investments in cable television including the possibility of applying for franchises and becoming a cable television operator.

Plans being considered involve the spending of as much as £10m a year for 10 years although the amount involved would depend on how many franchises were involved.

Mr Pat Keller, managing director of GEC Communications told a seminar on cable this week GEC was considering the possibility of a large investment in cable and "its

possible role as network provider and operator, building and owning networks."

Under such an arrangement GEC would want to retain the right to carry the value added and telecommunication services and probably lease the provision of entertainment services.

Ideas for a significant expansion in cable have yet to go to the main GEC board, however.

Mr Keller confirmed that if the plan went ahead GEC would apply to the Cable Authority for its own cable franchises. Mr Jon Davey, di-

rector general of the Cable Authority suggested at the seminar at the Institute of Accountants that GEC ideas to lease out entertainment might not be a barrier to winning a franchise. Already some cable companies lease their network from organisations such as British Telecom.

"The germ of a solution for the slightly new venture from GEC probably already exists in the present situation," Mr Davey said. GEC already holds minority stakes in two cable operating companies and has won contracts to install the networks at Clyde Cable in Glasgow

and East London Telecommunications in London's Docklands.

GEC executives believe eventually that the real money to be made in cable will go to the operators and point out that the large cash flows will usually begin only after companies such as GEC have finished installing the network.

GEC already plans to launch a mobile radio operating company sometime next year. The company was awarded one of the two national public mobile radio networks created out of the old 405 line television frequencies. It will be used for

private communication within companies.

At the seminar, Sir Kenneth Cork, former senior partner of Cork Gully and now deputy chairman of Ladbrokes, said the first subscribers had been connected to the new cable franchise in Ealing, West London, and the service would be launched next month.

Ladbrokes is the main investor in Cabletel Communications, which is planning to cable 100,000 homes in the Ealing area. Sir Kenneth said he believed the return on investment from cable looked like being 25 per cent

## Overseas rivals gain most from boom

By Philip Stephens, Economics Correspondent

MANUFACTURING output has shown signs of a small recovery in recent months, but Britain's overseas competitors remain the main beneficiaries of the boom in consumer spending.

The Central Statistical Office (CSO) said yesterday that its index of industrial production shows that during the three months to August manufacturing output rose by 0.6 per cent over the previous three months. The rise followed a sharp drop in production in the first months of the year.

Compared with the same period a year ago, however, manufacturing output in the latest three months was almost flat, despite a rise in consumer spending of between 4 to 5 per cent.

The implication is that British companies are failing to compete with foreign rivals who have been taking an ever-increasing share of the UK market. Sluggish output is also a reflection of the subdued growth rate of British exports, which have been rising less than half as fast as imports.

The relatively flat picture in manufacturing extends to overall output of Britain's production industries, which include oil, gas and coal production and electricity generation. Over the last three months output was down by 0.3 per cent compared with the previous three months, despite a sharp rise in North Sea oil production in July and August.

Government statisticians said that the trend reflected both a drop in coal and gas output and a general weakening of electricity generation.

The manufacturing figures show that Britain's output is still more than 5 per cent below the 1979 peak just before the present government took office, while total industrial production has risen by 2.1 per cent because of the build-up of North Sea oil output.

The failure of British industry to compete in meeting rising domestic demand generated by buoyant real incomes and the recent credit boom is shown by the performance of the consumer goods sector. The CSO figures indicate that consumer goods manufacturers have increased their output by only one-third of 1 per cent over the last year.

## Gunn becomes chief of B & C Shipping

BY CHARLES BATCHELOR

MR JOHN GUNN, the man who built Exco International into the largest UK money making group, has been appointed chief executive of British & Commonwealth Shipping (B & C), the transport and financial services company controlled by the Cayzer family.

Four other directors, all former associates of Mr Gunn, will also be joining the B & C board. These moves end the Cayzer family dominance of a company which started life around the turn of the century as Clan Line Steamers.

Lord Cayzer, 76, a prominent supporter of the Tory party, will remain as chairman. The family own just under half of B & C's shares.

But the Cayzer control may be eroded following an agreement that B & C's revitalised board will be allowed to use shares to finance acquisitions in future. This could dilute the family shareholding. Previous deals have been funded by cash.

"There has been no in-house push," said Mr Gunn yesterday. "There have been tough negotiations but the chairman is delighted with the outcome. This is an historic moment for the company."

B & C has long been viewed as a secretive, enigmatic company by many in the City despite the spectacular success of some of its investments, including stakes in Exco and in Telestar, the US business information group.

The broad spread of its investments and the lack of direct B & C management control over a large

number of associate companies has meant many analysts have regarded B & C as an investment trust, rather than an active manager of assets.

B & C made a pre-tax profit of £76.8m on turnover of £462m in 1985 compared with £68m profit on sales of £376m the year before. Its shares rose 33p to 278p yesterday.

Mr Gunn said he planned to review the more than 60 companies in which B & C is involved and streamline their operations where necessary.

He also intends to make further acquisitions to extend B & C's stake in the financial services sector though he will avoid areas such as stockbroking, market-making and merchant banking.

B & C has carried out a series of acquisitions and purchases of large shareholdings in stockbroking, commodity trading, leasing and financial services companies since Mr Gunn became a director of the company last November. He left Exco after its other directors refused to back his ambitious plans for that company.

The other four new B & C directors are Mr Julian Lee, 41, chairman and chief executive of Kaines Corporation, a commodity trader; Mr Peter Goldie, 39, chief executive of Abaco Investments, a financial services group; Mr Paul Myers, 38, chief executive of B & C's fund management arm, Gartmore Investment Management; and Mr Charles Cary-Elwes, 46, corporate development manager at B & C.

## Emphasis on speed earns reprimands

By Fergus McEwan

CAR advertisers who over-emphasise speed have been reprimanded by the Advertising Standards Authority, the industry watchdog. In its latest report, in the week of the Motor Show and in European Safety Year, complaints against Austin Rover and Citroën are upheld and Talbot is cautioned, for suggestions in their advertising that driving over the speed limit is either permissible or desirable.

Friends of the Earth objected to Austin Rover's ad for the MG Montego turbo headlined "Montego Faster" with "awesome" and "exhilarating" in the copy, which suggested high speed, even though the car pictured was not on a road.

Citroën was booked for its BEK19 GTI ad which features an illustration of the car leaving the names of rival cars in its wake. Talbot's Peugeot 205 GTI advertisement with the headline "It's a pussycat until you step on it" was borderline, said the ASA, in that it might invite people to try its speed.

Imperial Chemical Industries faced a wave of protests with a press advertisement promoting awareness of fertilizer in modern farming. The Free Trade League, British Organic Farmers and 59 members of the public objected to claims that fertilisers reduce the cost of food production by 70 per cent in the case of wheat.

Motor Show Reports, Page 15

## Two-year extension for ITV franchises

BY RAYMOND SNODDY

THE GOVERNMENT has decided to extend the franchises of Britain's 15 independent television companies for two years to give time for considering ways of reforming the system.

A short Bill to make the change will be introduced into the next session of Parliament, which will effectively mean that the present ITV companies will hold on to their franchises until 1992.

The change will mean two extra years of certainty for companies expected to have revenues this year of around £1.2bn. Mr Douglas Hurd, the Home Secretary, has rejected the appeal from the Independent Broadcasting Authority (IBA) that there should be an extension for four years. The IBA argued that such an extension was needed to reduce uncertainty in a period when

Britain is due to launch three new channels of national satellite television (DBS).

The Government believes that an extension of two years is enough to look at the structure of ITV franchises as part of the process assessing the recommendations of the Peacock Report into the future of British broadcasting.

One of the Peacock recommendations strongly opposed by both the IBA and the ITV companies - is that franchises should be put out to tender. The Government has told the IBA of its intention to go for a two-year extension.

Some ITV managing directors would have preferred the past eight-year cycle, which had been due to get under way next year, to have gone ahead on schedule.

## BBC plans extended television schedule

THE BBC yesterday unveiled plans for 1,000 hours of extra television a year in its Daytime schedules which begin on October 27.

For the first time in Britain, viewers will be offered non-stop television service from Breakfast Time until around midnight. The budget for the first year is £2m.

Mr Roger Loughton, head of Daytime said yesterday: "This is British television's first tailor-made daytime schedule constructed, within a

modest budget, to meet the needs of its audience."

The BBC believes that as many as 25m people may be at home some of the daytime programmes. It expects that Daytime should add between 1 per cent and 2 per cent to its overall share of the television audience in its ratings battle with ITV. The schedules include a mix of news, consumer affairs and drama programmes.

### Barclays Bank Base Rate.

Barclays Bank PLC and Barclays Bank Trust Company Limited announce that with effect from 14th October 1986 their Base Rate was increased from 10% to 11%

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Lloyds Bank Plc has increased its Base Rate from 10 per cent to 11 per cent p.a. with effect from Tuesday, 14 October 1986.

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# UK NEWS

## PARTIES BEGIN TO DEFINE SHAPE OF CAMPAIGN STRATEGIES

### Tories focus on radical reform of education

By Peter Riddell, Political Editor

EDUCATIONAL reform will take up the baton from trade union reform in the radical programme of Tory "conviction politics" offered at the next election, Mr John Biffen, the Leader of the Commons, suggested last night.

In the second annual Disraeli lecture in London, Mr Biffen, the Cabinet's resident political commentator and philosopher, highlighted what he sees as a coming together within the Tory leadership. His theme was that "the conviction politics of today should become the political consensus of tomorrow."

In particular, he argued that "the pursuit of Tory radicalism can be most successful when it marries the desire for major change with the matching Conservative instinct for continuity. That is the triumph of Conservatism since 1979."

Stability and continuity and the language of conciliation were, he said, valuable preconditions for carrying out major change and winning popular acceptance.

He acknowledged that the Tory radical approach could be assisted by a brisk sense of ideology but said it would be "fatally imperilled if that becomes extremist zealotry." In particular, he criticised "some libertarian radicals on the far right" who favoured perpetual revolution and were "Tory Maoists" in their quest for further far-reaching reform which was vigorous and uninhibited.

Mr Biffen said he saw every advantage as a Tory conviction politician in taking forward the policies of inflation and spreading home and share ownership followed since 1979 which he wanted to see consolidated into further success.

He also saw scope for further changes, particularly in education, in view of the inspiration provided by the 1944 Butler Education Act.

The Tory radical could not set aside this challenge of institutional reform. While the wells of trade



John Biffen: Attack on the "Tory Maoists"

union reform, although not dry, had been drawn upon heavily in recent years, it was now clear that the alternative topic of education invited great public interest.

The Trades Union Congress criticised the Government's policies on education and called instead for greater links between education and industry, Philip Bassett writes.

Mr Norman Willis, TUC general secretary, warned at Warwick University against the view of higher education as "glorified vocational training." He said: "We do not go along with this new brutalism. Educational institutions have a responsibility to respond to economic and industrial needs. But higher education also has to look at social and cultural needs."

Mr Willis blamed the forecast shortage of skills over the next few years on government failure to invest in education and training, on employers' unwillingness to fund training and education's inadequate response to industry's needs.

### Play the Scottish card call by SNP

By James Burton, Scottish Correspondent

THE SCOTTISH National Party yesterday launched an autumn publicity campaign aimed at persuading voters that a vote for the SNP is the best way of ensuring that Scottish issues are not ignored by the major political parties.

The campaign, during which 400,000 leaflets will be delivered to Scottish homes, will focus on four domestic issues - the future of the Scottish steel industry, nuclear energy, youth unemployment and a demand for equal heating allowances for Scotland compared with the rest of the UK.

It will use the slogan: "There's only one way to stop Scotland getting another raw deal - play the Scottish card." The SNP is to spend £25,000 on the campaign, a record amount for the party.

The SNP's morale has been boosted both by a successful conference last month and by a recent opinion poll which put the party in second place in Scotland for the first time in eight years.

The poll, taken by System Three for the Glasgow Herald, showed the SNP taking 18 per cent of the vote. Labour took 59 per cent and the Conservatives and Alliance took 16 per cent each.

On the basis of this poll, the SNP believes, it would win nine seats at a general election, seven of them from the Conservatives and two from Labour. Added to the two constituencies it currently holds, the SNP would have 11 parliamentary seats - the same number it won at its peak in the October 1974 election.

But yesterday Mr Gordon Wilson, MP, the SNP's chairman, said that it was now time for the party to expand its horizons and set its sights on a "second string" of nine seats, held mainly by Labour, the party the SNP must defeat if it is even to win a majority in Scotland. The autumn campaign would be targeted on these 18 seats.

Though the SNP still hopes to hold the balance of power in a hung Parliament and insist on immediate moves towards constitutional autonomy for Scotland, it now believes the most likely outcome of the next general election, which it expects to be held next May or June, is a Conservative victory.

This, Mr Wilson believes, would be a catalyst for the SNP, leading eventually to a big switch by voters from Labour to the Scottish National Party. In the meantime, he said, the party must be prepared to take on all comers.

### Labour leaders drop opposition to full membership of EMS

By our Political Editor

THE LABOUR party leadership has decided to drop its outright hostility to full British membership of the European Monetary System (EMS) and to adopt an attitude of qualified and conditional support.

Mr Neil Kinnock, the Labour leader, and Mr Roy Hattersley, the shadow Chancellor of the Exchequer, yesterday both highlighted the significant shift in the party's attitude when speaking at a London press conference.

Mr Kinnock said that if several preconditions were satisfied he would have no disagreement in principle with joining the EMS. He said it was crucial that the consequences of joining would not be "a shattering blow to the currency, interest rates or to the general development of the economy."

Mr Hattersley noted both benefits and disadvantages of membership but pointed to the advantage of avoiding wild fluctuations in the exchange rate.

In a speech later today in Manchester, Mr Hattersley will develop Labour's policy in detail. He will say that the preconditions must include an acceptance of policies of economic expansion and fuller employment in the Community, of convergence of financial and economic approaches, of mutual currency support and of trade policies to protect countries which want to expand but which have a weak manufacturing base such as Britain's.

Labour wants to make its approach public before the speech in the City of London tomorrow by Mr Nigel Lawson, the Chancellor of the



Neil Kinnock: shift in party's attitude

Erchequer. The shift in the party's view is highly significant in increasing public calls for EMS entry. It reflects both the changing international position and the Labour leadership's acceptance of the desirability of currency stability for the success of its own plans.

In the past the Labour leadership has been reluctant to support full EMS membership, despite the private views of some of its Treasury spokesmen, partly because of a desire to avoid reopening the old party arguments about the EEC. In 1978-79 when the EMS was set up, the Callaghan administration decided against full entry.

### Kinnock sets party on the publicity trail

By Peter Riddell

"ON WITH THE Vivaldi," the master of ceremonies announced as the Labour leadership assembled in the Shaw Theatre in London to launch the party's latest propaganda campaign.

It was less a press conference than a multi-media event. There was an elegant backdrop on the stage, with journalists as stoges in the stalls, as the cameras rolled for a Labour Party political broadcast.

The occasion for the razzmatazz was the launch of Labour's glossy brochure investing in People, 75,000 copies of which will go on sale around the country at 75p each.

The brochure is not intended to be a detailed manifesto - rather it is a statement of Labour's general priorities for the pre-election period in an easily digestible form with pictures. The common slogan on each page is "Investing in..." whether it is jobs, industry, skills, children, the elderly, health, the environment, opportunities for all and safer communities.

The aim is to popularise recent policy decisions and to bring together

the two campaigns on jobs and industry, and freedom and fairness, around a core idea and theme. All this reflects considerable market research among target groups of voters about which theme strikes a chord.

According to Mr Peter Mandelson, Labour's director of communications, investing in People is intended to link the aspects of collective provision and individual opportunity and to combat the Tories' pre- and post-1979 theme of self-reliance. The campaign also links wealth-creation and social provision.

A missing element yesterday was defence policy, the area where Labour may be most vulnerable. This will be the subject of a separate campaign to be launched around the end of the year.

Meanwhile, Labour will follow yesterday's brochure with tours, interviews and speeches. For instance, Mr John Smith, the party's trade and industry spokesman, is spending this week on an intensive series of visits around Britain.

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The right to convert the Bonds into Common Stock of the Company will terminate at the close of business on Friday, 28th November, 1986, the business day immediately preceding the date fixed for redemption. Bonds to be converted should be surrendered in accordance with Condition 5(B)(1) at the office of the Conversion Agents specified at the end of this notice on or before 28th November, 1986.

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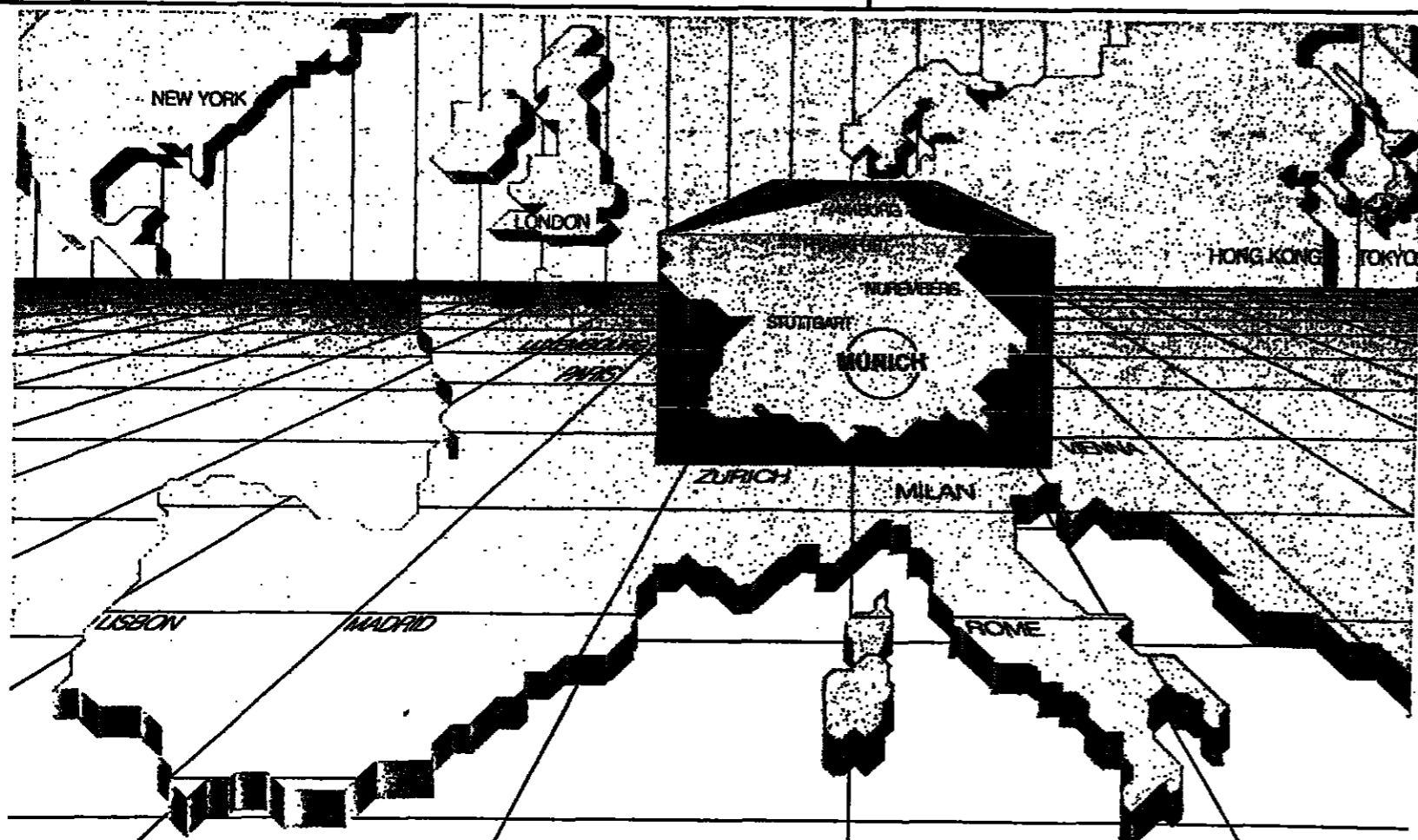
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## CHATHAM MARITIME

UK NEWS

# Renault intent on reviving truck profits

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE NEW management team at Renault Truck Industries (RTI), the UK subsidiary of the state-owned French company Renault Vehicules Industriels, was determined to return it to profit within two years, Mr Hervé Guillaume, RTI's managing director and chairman of RTI, said yesterday.

He said the management team was determined to ensure that the Dunstable-based subsidiary became an integral part of the group's global manufacturing structure.

In a speech during the run-up to the Birmingham Motor Show yesterday he put into context recent comments of Mr Philippe Gras, chairman of the parent company Renault Vehicules Industriels (RVI), who revealed recently that the future of the Dunstable-based subsidiary in which £100m has been invested since 1981, was under review because it was the only RVI subsidiary not heading towards break-even. Mr Gras said that, as an "extreme option" RTI might be closed down.

Mr Guillaume promised that the RTI truck range would be widened to make it more attractive. He said Renault was looking at the possibility of building vehicles for export to other right-hand drive markets such as Australia. Several improve-

ments to RTI's best-selling Dodge trucks will soon be made.

The review would also establish the role RTI was to play in the total Renault component supply chain which took in operations in Spain and the Mack Truck Company, the US associate, as well as France.

First steps to speed up RTI's recovery had been taken after the arrival last month of Mr Francis Corvin, formerly in charge of RVI's Belgian subsidiary, as new managing director. Some 80 redundancies have been announced taking the workforce down to 1,300.

Mr Guillaume said further redundancies were likely but he did not have any idea yet of the numbers that might be required.

He pointed out that five years ago Renault bought a truck manufacturing company in Britain and had kept it as a UK company - rejecting the idea of replacing familiar British Dodge trucks with Renault vehicles. Across the range of Dunstable-built trucks 82 per cent of the content was British.

At the Jaguar stand at the Birmingham Motor Show, the company's first new saloon in 18 years proved to be the eye-stopper of the

## COLT ATTACK ON END-OF-MONTH CAR REGISTRATIONS

# Cut in Nissan quota urged

BY JOHN GRIFFITHS

NISSAN cannot sell all the cars it imports or assembles in Britain and a case could be made for its import quota to be cut by 10 per cent, Mr Peter Beaumont, managing director of Colt Car Company, said at the Motor Show in Birmingham.

Mr Beaumont said it was strange that nearly 3,000 Nissan cars were registered in the last two days of September "when they registered only 8,000 cars in the first 25 days."

Mr Beaumont, in implying that Nissan or its dealers had registered the cars even though they had no end buyers, declared: "A 10 per cent reduction in Nissan's import quota, which in total represents over 50

per cent of total Japanese imports to Britain, would not only help stop the sudden end-of-month registrations of Nissan to achieve good market penetration but also provide other Japanese importers, such as ourselves, with a little more product to meet consumer demand."

Colt, which imports Mitsubishi cars and vans and is partly owned by the Japanese group, could sell many more of both if its own quotas were raised, said Mr Beaumont. Last year, Colt sold about 12,500 cars and 2,500 light commercials in Britain.

It once considered assembly in the UK in order to circumvent the quotas imposed on all Japanese im-

porters by the Anglo-Japanese "gentleman's agreement" which restricts Japanese producers to a maximum 11 per cent of the UK new car market. However, Mitsubishi decided not to go ahead with assembly and there is no prospect of this happening in the foreseeable future, said Mr Beaumont.

The Nissan situation "makes a total, absolute nonsense" of the quota system, he claimed. Colt would have no problem selling the 3,000 extra cars it might get in the event of a reduction in Nissan's quota.

In a speech which is certain to cause anger within Nissan of Japan and Nissan UK, the privately-

owned import company, Mr Beaumont said: "Our friends at Nissan have got to be pushed into looking at this on a moralistic basis. If it's a gentleman's agreement then it should be handled in a gentlemanly way."

Mr Beaumont also criticised as wasteful the manner in which competition for new car sales is being conducted. He disclosed that in the past 12 months the car industry has spent over £500m on advertising, discounting and other promotional efforts.

"That adds up to £300 for every car sold in Britain - and it's the customer who pays. It's about time this industry woke up."

# Germans lavish praise on new Jaguar

BY LESLIE COLT IN BERLIN

INTRODUCING the new Jaguar to Mercedes and BMW country has proved surprisingly painless.

By the time the XJ6 was unveiled at this week's West Berlin auto show, the fastidious German motor press had bestowed its blessings. Now it was up to the great German car-buying public to voice its opinion.

At the Jaguar stand at the Birmingham Motor Show, the company's first new saloon in 18 years proved to be the eye-stopper of the

show. Germans young and old ogled the sleek new Sovereign which mercifully was unmistakably still a Jaguar.

Exclamations of "ah" and "schön" (beautiful) filled the air. "Those lines - elegant" both men and women remarked. This was "Britischer" style at its best, one frequently heard.

But will all this unusual German enthusiasm for a British-made car translate into sales? Jaguar Deutschland's representatives are

confident it will.

West Germany is Jaguar's prime European sales target, taking 3,350 cars last year. That was small compared with the US where more than 30,000 were sold. The German sales soared 40 per cent last year, indicating the Jaguar was finally shedding its previous negative quality image.

A number of the cars exported to Germany, though, were immediately bought and shipped to the US by converters who earned a healthy profit with the then high-flying dol-

lar. Sales in Germany this year are running slightly below last.

Mr Friedrich Kehl of Jaguar Deutschland said the company is aiming to get 3,200 cars registered in West Germany next year including 2,300 XJ6s which cost between DM 88,000 (£24,200) for the basic version and DM 95,000 (£24,000) for the Deimler.


The new model is expected to appreciably boost Jaguar's resale value in West Germany which is well below that of German luxury cars.

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### ERF launches new range of heavy trucks

By John Griffiths

ERF, the Cheshire-based independent heavy truck maker, is to seek a much-expanded presence in the UK market for 18-ton trucks with a new model range displayed at the Birmingham Motor Show.

The B9 range is intended to tap what Mr Peter Foden, ERF chairman, sees as one of the few growth opportunities in the heavy truck market. The range will include from early next year a "drop-frame" model with a chassis height of only 23 inches. Mr Foden said ERF hoped to gain a six per cent share of the 18-ton sector within 18 months. It is the third largest maker in the heavy truck market with sales of about 10,000 units a year. Until recently, ERF had less than 1 per cent of the sector. "We have had a 18-ton truck before, but never aggressively marketed it," according to sales director Mr Brian Hunt.

ERF is claiming a first for the new truck in that it is the first chassis available with Cummins 'F' turbo-charged diesel units. The company says that it has no detailed forecasts of the potential market for its drop frame chassis.

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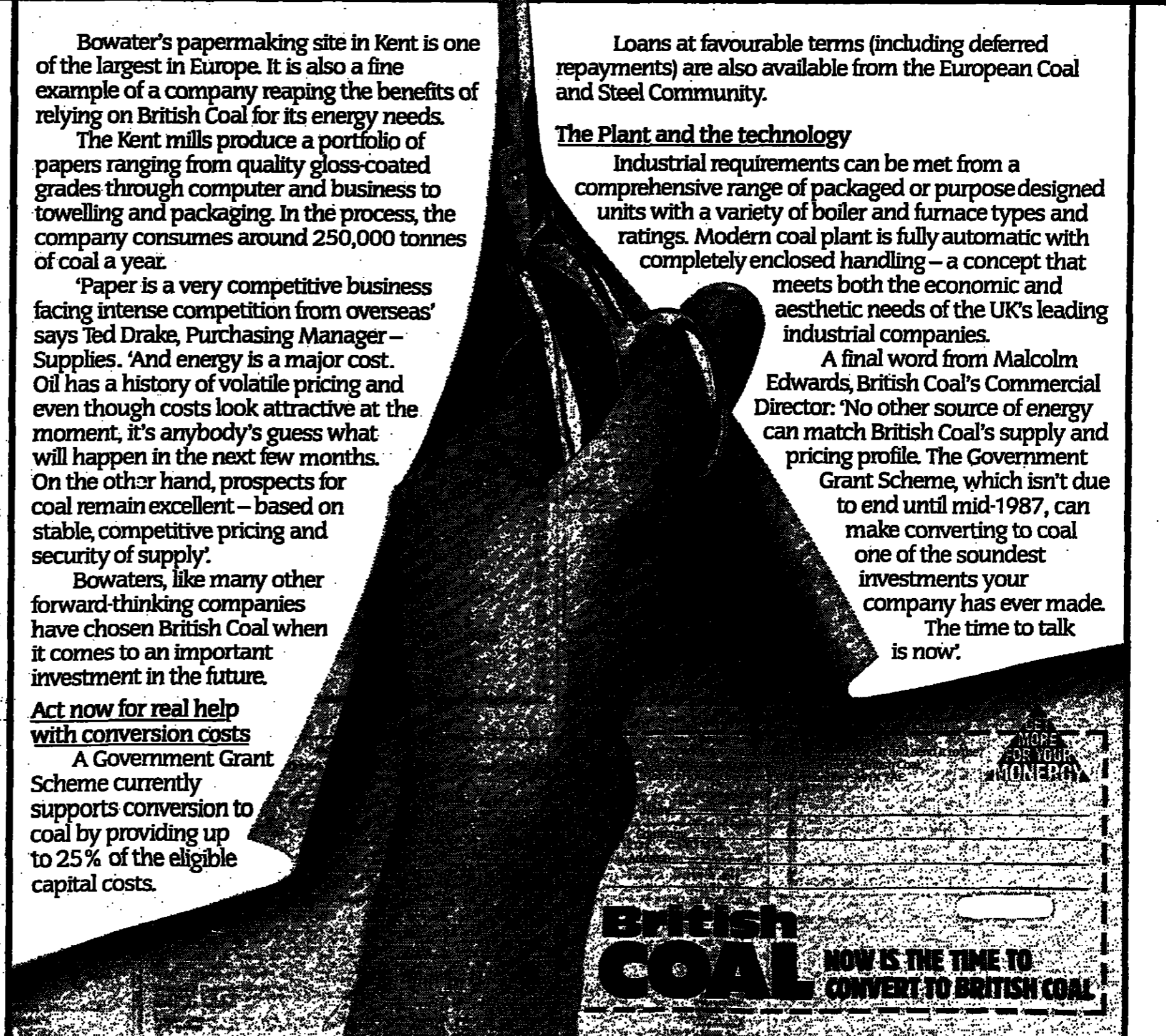
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Bowater's papermaking site in Kent is one of the largest in Europe. It is also a fine example of a company reaping the benefits of relying on British Coal for its energy needs.

The Kent mills produce a portfolio of papers ranging from quality gloss-coated grades through computer and business to towelling and packaging. In the process, the company consumes around 250,000 tonnes of coal a year.

"Paper is a very competitive business facing intense competition from overseas" says Ted Drake, Purchasing Manager - Supplies. "And energy is a major cost. Oil has a history of volatile pricing and even though costs look attractive at the moment, it's anybody's guess what will happen in the next few months. On the other hand, prospects for coal remain excellent - based on stable, competitive pricing and security of supply."

Bowaters, like many other forward-thinking companies have chosen British Coal when it comes to an important investment in the future.

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A final word from Malcolm Edwards, British Coal's Commercial Director: "No other source of energy can match British Coal's supply and pricing profile. The Government Grant Scheme, which isn't due to end until mid-1987, can make converting to coal one of the soundest investments your company has ever made. The time to talk is now."

**BRITISH COAL NOW IS THE TIME TO CONVERT TO BRITISH COAL**

TECHNOLOGY

The launch of IBM's new mini-computers could prove to be the company's most important for two decades. Alan Cane reports.

# Counter-punch from a giant on the ropes

IBM's new small computers, the 9370 family, launched last week may be its most important machine for over 20 years. In April 1964, it announced its major mainframe family, System/360, and the data processing world was never the same again. It would be hyperbole to say the same of the advent of the 9370 family, but there are acute similarities between the two launches, even if the planned purposes of the two machine families are poles apart.

With System/360, IBM established a computer architecture (machine structure) that still dominates the world of data processing. The largest mainframes in its range, the 3090 family which was codenamed Sierra during development, retain the essential features of System/360 architecture (even if IBM likes to describe it as System/870 architecture, after its 1970s successors).

With the 9370s, IBM has taken that architecture out of the data centre and brought it down to departmental and office level.

The significance of this is at least twofold.

First, IBM is making a real and determined effort to ensure that its machine families are compatible, one with another. System/360, when it was launched, was a revelation because it comprised a range of sizes of machines linked by a common operating system (the complex computer program which controls the workings of the machine itself) and therefore able to run the same software.

Since then, the company has developed separate machine ranges for specific purposes—Series minicomputers, System/36 and System/38 small computers and the 4,300 series mid-range machines—all of which separate and frequently incompatible architectures.

With the 9370 family, therefore, IBM is moving to stem the damage it is suffering in the marketplace through the irritation and confusion felt by its customers over its plethora of architectures and incompatible software.

The second point is linked to the first. IBM has the lion's share of the world large computer market, but it has so far failed to make the same kind of impact in the "electronic" office business.

The problem to be solved in the office is how to link workstations—which by now means



The introduction of IBM's 9370 family comes at a time when the company's fortunes are at a low ebb. Analysts see little hope for an earnings improvement before the second half of next year.

IBM personal computers (PC) or clones—to the company's mainframe computers so making possible local processing on the PC while giving full access to the substantial processing power and file handling capabilities of the mainframe.

IBM's solution had been to suggest its customers linked their PCs to a System/36 departmental computer which would in turn be linked to the mainframe.

The customers failed to be impressed. As Stephen Smith of the New York stockbroker PaineWebber pointed out recently: "Users were concerned over the System/36's limited mainstream family of products based on System/370 architecture."

In fact, most customers would like to connect their PCs directly to their mainframes, an approach which is possible but not simple because the two kinds of systems are organised quite differently.

Connecting a wire between a PC and a mainframe is close to childplay, getting anything sensible out of the connection is something else.

While IBM has been battling with its unpopular System/36 based solution, Digital Equipment (DEC) the world's second

### Pressured from all sides

IBM **BADLY** needs a success. Its problems in dealing with a sluggish North American market have now been compounded by the beginnings of a downturn in its business outside the US.

Figures announced earlier this week indicate that its profits for the third quarter of this year fell by 27 per cent compared with the same period in 1985.

It is under attack on all sides. Ping compatible mainframe manufacturers are offering more powerful machines than its top-of-the-line 3090 series for less money. "Clone" manufacturers are making inroads into its personal computer business.

And it has so far failed to establish itself as the leader in the automated office, a market that could be worth \$147bn in the US alone by 1988. Last week it announced machines which exploit both its dominant architecture and its technological capabilities which may reverse its fortunes in this critical area.

seen in the 3090 top-end mainframes.

There is very dense electronic circuitry in the memory area. IBM has used the 1m bit chips it first used in the top-end machines to make possible a "card" (a board with chips mounted on its surface) with 8m bytes (characters) of storage.

It is also improving the reliability of the machine by using redundancy techniques—extra memory which is only called into play when an error is detected in system memory.

Most significant of all, IBM has brought its much vaunted thermal conduction module (TCM) technology down to departmental computer level for the largest of the 9370 family, the Model 90.

The thermal conduction module, as used in larger machines, is a metal box, water-cooled on the outside, containing a dense concentration of chips mounted on a ceramic substrate.

For the Model 90, IBM has abandoned water cooling and instead blown cold air over the TCM chamber.

Only one TCM is used in the Model 90. It contains 118 logic and memory chips in a package about 10 centimetres square.

largest computer company has been making significant strides in the office, based on the compatibility of its entire VAX range from desk top machines to small mainframes.

Mr Smith of PaineWebber, for example, suggests that a customer today might establish a cluster of VAX supermini computers to take the place of his mainframe at headquarters, linking together a series of smaller VAXes in his departmental office and PC or DEC VAXes in PCs on the desktop.

Mr Smith concludes: "DEC has consequently benefited doubly from IBM's two-year-old System/36 strategy."

First, DEC could show a more elegant two-tier approach to office automation for those customers prepared to adopt the total DEC solution. Second, for those IBM customers unhappy with a PC/36/370 solution, DEC could also provide an at least comparable and arguably superior solution: PC/VAX/370.

To create the 9370 solution, IBM has used many of the very advanced technologies already

The cooling ducts are specially shaped to give a total cooling area of about half a square metre.

The smaller models do not use TCM technology and are conventionally air cooled.

IBM rates the power of the Model 90 as about equal to that of a 4331 Model 12, a medium-range mainframe.

Comparisons between computers are always fraught with danger but according to Mr Bob Fertig of Enterprise Information Systems, the new machines will offer processing power costing between \$32,000 and \$76,000 for every million instructions per second (mips, a crude measure of machine power). The DEC VAX range costs between \$25,000 and \$50,000 per mip, so IBM has narrowed the gap appreciably. The IBM 4361 computer, which the 9370 machines effectively render obsolete, offered power at up to \$137,000 a mip.

IBM's own performance figures, based on transactions per second, are more meaningful for an office-based machine. They show that the top-end 9370 is faster than the largest System/36 and on terms with the low end of the 4300 range.

The smallest 9370 computer, the 9377 Model 20, handles 5,000 transactions per hour (tph). The largest, the 9377/90 handles 26,500 transactions per hour.

By comparison, the largest System/36 does only 8,800 tpm and the largest System/38 19,000 tpm.

The 4331/Model 11 does some 18,500. All measurements were made with the machines on about 70 per cent full loading.

On the face of things, the new machines should assure IBM of the success in the office which has so far eluded it. DEC, however, still has two cards in its hand. First, the 9370 computers, although vastly more price competitive than anything IBM has offered up to now in this range, are still more expensive and less powerful than the equivalent VAXes. Second, the new IBM machines will not be available until the third quarter of 1987 which should give DEC enough time to mount a competitive response.

Mr Fertig said, however, the writing is on the wall: IBM is signalling that System/360 architecture is for everybody. The 3090 on a desktop, predicted earlier this year, seems to make more and more sense.

## Quick route to lower fuel bills

**COMPUTER-AIDED** thermal analysis of new or existing buildings can be carried out quickly and easily using a new system from Amazon Computers of Milton Keynes, UK (0998 664123). It allows temperature control to be maximised and can cut fuel bills.

The system, called Tas 2, is a building thermal simulator. The user starts with the basic dimensions of the building including its internal walls and partitions. These can be supplied to the machine by placing original drawings on the digitising table and moving the "mouse" (an electronic tracing unit) over the key points. The drawing then appears on a screen and the engineer can decide the zoning of the building according to its use, and therefore the temperature needed. Alternatively

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and ceiling for specific inside and outside temperatures. It can also work out humidity levels.

In its memory the computer therefore has a complete model of the building's thermal characteristics, which will include the desired rate of fresh-air supply. From its memory, it can draw on a number of supplier's components, allowing the engineer to construct on screen a

## WORTH WATCHING

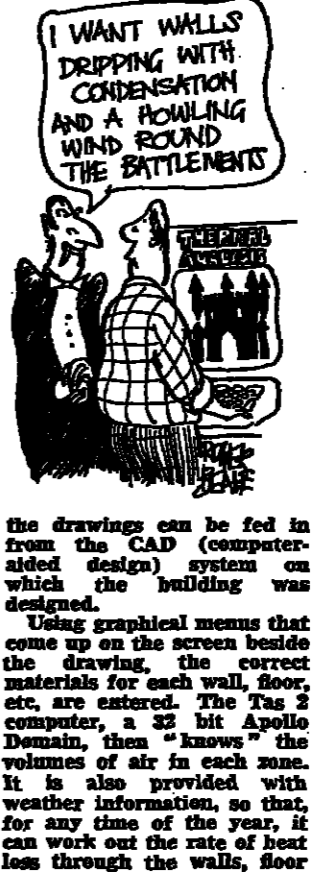
Edited by Geoff Christie

suitable heating and/or air-conditioning schematic. Further software then sizes the components accordingly, so that the system will meet the needs of the model.

Although thermal analysis by computer is not new, Amazon believes it has a system that is both easier to use and more sophisticated than anything offered to date. An important aspect of the system is that it allows engineers to try "what if" exercises with great ease, altering materials, temperatures or other aspects of the design to achieve specific objectives. The system costs about \$58,000 but can also be leased.

CERAMIC ENGINE component research with a combined value of £2.2m has been initiated by Britain's Department of Trade and Industry in conjunction with an industry grouping called CARE (ceramic applications in reciprocating engines). Funding is to be equally shared between the DTI and industry.

Several broad areas will be tackled. One is concerned with developing materials that can be substituted for conventional metals used in engines. Another will involve development of insulating ceramics that will reduce heat losses from engines (which will increase their efficiency), while a third will look at high temperature materials for turbochargers. More on 01 212 6340.



The drawings can be fed in from the CAD (computer-aided design) system on which the building was designed.

Using graphical menus that come up on the screen beside the drawing, the correct materials for each wall, floor, etc. are entered. The Tas 2 computer, a 32 bit Apollo Domain, then "knows" the volumes of air in each zone. It is also provided with weather information, so that, for any time of the year, it can work out the rate of heat loss through the walls, floor

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### Public Notices

THE SCOTTISH AGRICULTURAL SERVICES CORPORATION PLC. UNAUDITED INTERIM STATEMENT FOR SHAREHOLDERS

1. During the half-year to 30th September 1986, £210,001 of Heritage Loans were redeemed. £1,500,000 further Loans (totaling £1,710,000) had been approved by the Directors and awaited completion.

2. Dividends totalling \$498,460 were made in the period ended 30th September 1986. Dividends are provided for in the Loan Agreements and the Special Resolutions and "movements".

3. The total amount of loans outstanding at 30th September 1986 was \$17,250,240.

## Company Notices

### City of Helsinki

U.S.\$15,000,000 8 1/2% Bonds 1981/86

NOTICE OF FINAL REDEMPTION

S. G. Warburg & Co. Ltd. announce that all outstanding Bonds have been called for redemption on 15th November, 1986 and that interest will cease to accrue on that date.

Bonds are payable at: S. G. Warburg & Co. Ltd. Paying Agency, 6th Floor, 1 Finsbury Avenue, London EC2M 2BA or at the office of one of the other paying agents named on the Bonds.

The following Bonds called for redemption on the dates stated below have not yet been presented for payment:

15th November, 1985											
1	27	31	34	44	153	958	1023	1302	1306		
1310	1313	1402	1406	1409	1434	1460	1464	1469	1472		
1476	1492	1520	1601	1604	1607	1611	1614	1620	1622		
1626	1631	1634	1638	1641	1647	1650	1653	1656	1660		
2025	2057	2059	2164	2167	2171	2174	2178	2237	2240		
2306	2329	3001	3005	3011	3013	3017	3020	3025	3029		
3032	3035	3467	3469	3687	3701	3712	3717	3722	3728		
3731	3741	3744	3771	3776	3838	3929	3932	3936	3941		
3944	4655	4702	4794	4814	4820	4829	4844	4846	4871		
4965	5021	5126	5120	5154	5159	5161	5165	5178	5185		
5189	5197	6030	6124	6205	6714	6780	6923	6962	6964		
6981	7043	7046	7049	7053	7099	7103	7106	7606	8726		
8728	8735	8735	8740	8918	8929	9188	9283	9553	9556		
9666	9670	9672	9744	9746	9766	9769	9772	9778	9943		
9950	10068	10093	10227	10971	10974	10977	11066	11071	11074		
11078	11082	11086	11089	11093	11097	12137	12161	12164	12610		
12955	13058	13061	13081	13085	13452	13459	14097	14101	14106		
14109	14113	14131	14442	14450	14453	14500	14502	14566	14569		
14745											

15th November, 1984											
4462	5600	6204	6551	7643	8304	8912	9738	9770	13079		

15th November, 1983											
647	3501	4703	4853	5825	5868	8910	9948	13083			

15th November, 1982											
4463	4793	14116	14452								

N.B. The following Bonds have become prescribed: 4 4626 4805 4822 4836 5196 5869 6119 7577 12652 15080 13084 14353

No further payment will be made on these Bonds or Coupons therefrom.

15th October, 1986

### MINORCO

MINERALS AND RESOURCES CORPORATION LIMITED

(Registered in Bermuda)

NOTICE IS HEREBY GIVEN that the 8th-annual general meeting of shareholders of Minerals and Resources Corporation Limited will be held at Hotel Le Royal, 12, Boulevard de la Reine, Luxembourg, on 15th October, 1986, at 10.00 a.m. for the purpose of considering and approving the following business:

- To elect directors.
- To consider and, if deemed fit, to pass with or without modification, the following resolution: That the dividend in cash on the ordinary shares of the Company for the year ended 30th September 1986 be increased from 12.50% per annum to 15.00% per annum and that, in addition, the attendance fee of US\$500 for each board meeting attended be increased to US\$1,000, both such increases to take effect from July 1, 1986.
- To consider and, if deemed fit, to pass with or without modification, the following resolution: That the dividend in cash on the preference shares of the Company for the year ended 30th September 1986 be increased from 12.50% per annum to 15.00% per annum and that, in addition, the attendance fee of US\$500 for each board meeting attended be increased to US\$1,000, both such increases to take effect from July 1, 1986.
- To ratify the appointment of Messrs M. J. Fisher and J. M. Fisher as directors of the Company.

The reasons for proposing the above resolutions are given in the report of the directors.

4. To reappoint Deloitte Haskins & Sells as auditors and to fix their remuneration.

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead, to vote instead of him or to act as a shareholder. A proxy need not be a shareholder. The holder of a share certificate may appoint a proxy to attend and vote in person or by proxy or to vote at any general meeting of the company. The conditions and regulations are obtainable from the UK transfer agent.

By order of the board of directors: D. E. FISHER, Vice-President, Secretary and Treasurer, 15th October, 1986

NOTE: Holders of share warrants to bearer may obtain a copy of the annual report and accounts upon application to the UK transfer agent, Hill Samuel Restrainers, 6 Grosvenor Place, London SW1P 1PL.

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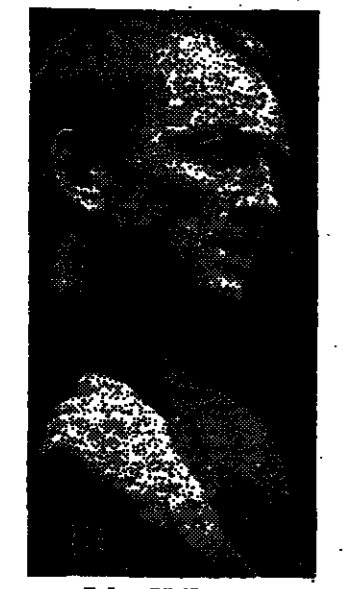


THE ARTS

Largo Desolato/Bristol Old Vic

Michael Coveney

When Kenneth Tynan wrote his New Yorker profile of Row Stoppard in 1977...



John McEneaney

version of Havel's Largo Desolato brings all the comparisons into a bright light of exposition...

The Hostage/Tricycle, Kilburn

Martin Hoyle

Twenty-six years ago the line-up of fantasists and farces, idealists and oddities...

The captains and the kings. The Seeding Myself being the English prisoner and the convent-fresh housemaid...

Sigue Sigue Sputnik/Albert Hall

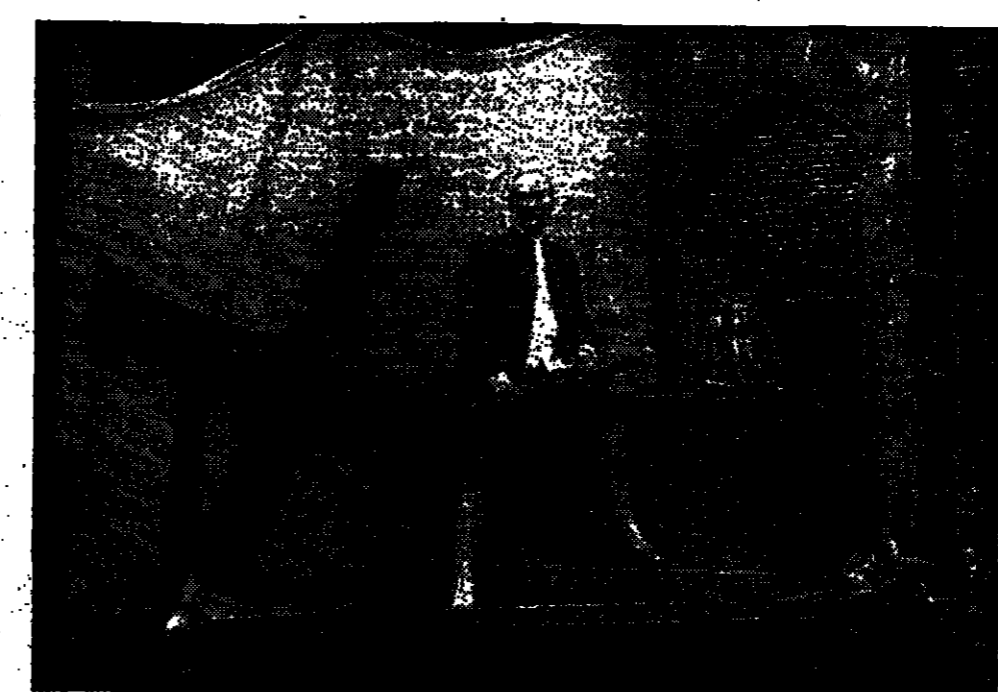
Antony Thornecroft

Sigue Sigue Sputnik, having contributed its tiny "bleep" to pop history, crashed into the earth with a dull thud...

For five minutes it was an awesome sight. The seats had been cleared from the stalls...

Television/Christopher Dunkley Still stuck with New Faces and old tricks

There are two schools of thought on the question of television talent shows...



Dr Pamela Tudor-Craig, with props, in The Secret Life of Paintings

Though agreeing that light entertainment has been in a rut for 30 years, I count myself among the second group...

likely to start losing friends. Those of us who distrust all varieties of party dogma have little difficulty when faced with the BBC and the Conservative Party...

Sinopoli's Elgar/Festival Hall

Andrew Clements

When non-native conductors are taken to the bosom of the British musical establishment...

The stripping away of the layers of veneer acquired in the years of South and Barbican...

Weber Bicentenary/Elizabeth Hall

David Murray

The "Age of Enlightenment" orchestra has the wrong name for Carl Maria von Weber's period...

whole concert should be repeated quickly with the full hall it deserves.

Soho Jazz Festival

Kevin Henriques

Soho's first official large-scale jazz festival appears, after its opening days, to be generating a quiet but positive interest...

exposed altoist/clarinetist Pete Neighbour was going through a repertoire of familiar standards...

£1m Constable for auction at Christie's

Christie's is to sell the most important painting by Constable to reach the market in the past 30 years...

Arts Guide

Theatre

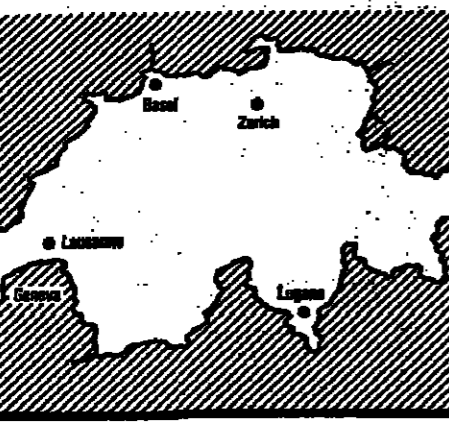
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# FINANCIAL TIMES

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Wednesday October 15 1986

## Seven years is too long

FRANCE said on Monday that he does not want to run for a second term when his mandate expires in 1988, and on the face of it there seems every reason to believe him. The President will be 70 later this month. The French presidential term runs for seven years. The idea of trying to go on until 1988 must be daunting even to him.

On the other hand, Mr Mitterrand also said that he might change his mind and stand again after all.

The subject that he did not address directly was whether a seven-year term is altogether too long for anybody. The constitution of the Fifth Republic was written and approved at a time when France had been suffering from some political instability. Arguably the country needed a strong president with the strong powers, and in General de Gaulle it found one, though even he resigned in the end.

All subsequent presidents have at least toyed with the idea of a change. Mr Georges Pompidou, Mr Valéry Giscard d'Estaing and Mr Mitterrand himself. The reasoning is simple enough. No other comparable democracy elects a leader for such a long term and a two-term president in France would be in power for nearly 15 years, around one fifth of an average lifetime.

Mr Pompidou died in office. Mr Giscard d'Estaing might have been re-elected if he had been able to go to the country after five years instead of seven and Mr Mitterrand is now admitting that the thought of going on until he is well into his 70s is not personally appealing.

### Clashes possible

Moreover, the Fifth Republic came of age long ago. France today is no more inherently unstable than Britain or West Germany. It is no longer absolutely certain that it needs a strong president in office for so long. Indeed the present situation where the centre-right controls the National Assembly and the president is a Socialist, although it has worked satisfactorily so far, could lead to considerable clashes in future. It would, of course, be the same the other way round: if the president were on the right and the Assembly controlled by the socialists.

## The burden of dear money

AS THE COST of money in the UK rises yet again, the important question is not whether Treasury's market tactics are good or bad but why Britain needs to have much higher real interest rates than almost all other industrialised economies. The country is enjoying a high growth and exceptionally high unemployment. Inflation is under 3 per cent and not expected to pose a major problem in the next few years. In such circumstances, it seems extraordinary that these rates should have to rise to no less than 11 per cent.

International comparisons underline the extent to which the UK is the odd man out. Short-term interest rates are under 5 per cent in West Germany and Japan, and under 6 per cent in the US; inflation is also lower in these countries, but not that much lower. It cannot be, because the rate of price increases in the UK is so modest. The cost of money is also considerably lower in weaker economies such as France, Canada, Belgium, and Sweden. Parallels to Britain's interest rate experience can be found only in countries like Spain and Italy, where public sector deficits and inflation are much less well controlled.

To argue that UK interest rates have to be exceptionally high because the pound has to be defended is to offer no explanation at all. This simply pushes the argument one stage back. Why is the pound quite so weak? Why does it need bolstering by quite such high interest rates? Clearly there are serious flaws in British macro-economic policy. The countries do manage to combine lower interest rates with stable (or more stable) currencies.

**Wage behaviour**  
The UK's problems cannot mainly reflect its failure so far to become a full member of the European Monetary System. Membership would undoubtedly help since other central banks would then be contractually obliged to defend sterling. But it cannot be the determining factor because many other countries—such as Sweden and Canada—manage to stand alone outside formal currency pacts. The source of high interest rates and the weak pound must lie deeper. It would appear that international

### IT PROVIDES a glimpse of Mrs Thatcher's brave new world.

Entrepreneurs and venture capitalists come by the bucketful; the trade unions are crippled; wages are so flexible that for many workers they can vary by the day; vibrant services and high-tech industries generate hundreds of thousands of new jobs every year.

For Americans, too, California gives a sense of what life is like in the information, or post-industrial, economy which today's policy-makers seem to regard as our inevitable future. It is a place where the old smokestack industries have surrendered to computer whizz-kids and fast-food outlets at a pace much faster than perhaps anywhere else.

At first glance, it looks an attractive proposition. Beneath the surface, however, the decline of traditional industries carries insidious implications for future economic growth and income levels.

California has a long-standing reputation as one of the most dynamic and innovative societies in the industrialised world. For decades its economy has grown faster than that of the US as a whole. It has generated a disproportionate share of the nation's new jobs and been the source of much of its technical innovation.

In Los Angeles or San Francisco, it is virtually impossible to attend a social function without bumping into someone who has just set up in business as a financial or management consultant, an interior designer or restaurateur. In this process of growth, California has absorbed millions of immigrants, both from its neighbours in the US and from countries as far-flung as Britain and Vietnam. John Steinbeck's agricultural workers who fled the dust bowl poverty of Oklahoma, Kansas and Nebraska in the 1930s find a parallel today in the influx of peasant farmers from Mexico and refugees from South East Asia.

With over 30 million people, it is now the most populous state in the Union and has an economy larger than that of the UK. And while politicians in Europe wring their hands over the fact that the young people have been joining the labour force in the number of people employed in the retail and wholesale trades doubled from 1.5m in 1970 to 2.6m last year.

Over the ten years to 1985, the services sector is estimated to have created some 2.5m new jobs out of a total increase in employment of just over 3m.

The state's Silicon Valley with its concentration of computer and semiconductor manufacturers just south of San Francisco, and the communications and electronics companies clustered around the major defence contractors in Southern California provide the other half of the equation.

These are the traditional images of the post-industrial society, are the high-tech, high-value-added businesses which will safeguard living standards and keep western industrialised nations ahead of their rivals in the developing world.

While most of the smokestack industries have shed labour, the explosion in demand for computers, electronic components and communications equipment has allowed California to claim that even in manufacturing it has bucked the trend and managed to create some new employment on its own.

Such a quick sketch of any economy is by definition over-

## CALIFORNIA'S ECONOMY



## Uneasy realities behind a post-industrial dream

By Philip Stephens

There are other major factors: \$10bn a year in agricultural income, nearly \$50bn worth of prime defence contracts and the state's position on the edge of the Pacific Rim, which has made it the conduit for much of the US's vastly-expanded trade with countries like Japan, South Korea and Taiwan.

For all this, California is less than a perfect model for those who argue that advanced economies can and must welcome a transition from manufacturing to services. It is apparent that the collapse of many of its basic industries has been far from painless.

The transition in California to the post-industrial society risks being not the recipe for greater prosperity and opportunity, but instead lower productivity, a slower pace of income growth and greater disparities in the distribution of wealth.

The crumbling of the state's car, steel, tyre and other basic industries has been characterised graphically by Mr Philip Shapira of the University of California at Berkeley. The scale and speed of their collapse is startling. In 1978 California plants produced 88 out of every 100 cars sold in the state. By 1983 that figure had fallen to 12. The proportion has improved slightly since then, but the state's share of the US market is still only one quarter of the level of the 1970s.

The deep recession of 1981-83 saw the destruction of the state's steel industry with major closures by Kaiser, Bethlehem and US Steel. The Los Angeles tyre industry, once second only to that of Akron, Ohio, vanished virtually overnight during the 1981 recession.

The common thread through all the closures was that the industries affected were capital-intensive, high productivity businesses which had been the driving force behind California's economic gains in the decade following the Second World War.

As Mr Shapira points out, many of the closures were in communities that had long served as models of the American Dream: the jobs lost were the anchor for the home ownership, employment security and high standards of living for blue-collar workers at the heart of that concept.

To a considerable extent these activities have been replaced by labour-intensive, low productivity industries generating far less value-added. The new industries ability to pay low wages is reinforced by the decline of union power associated with high unemployment and by an ever rising tide of (often illegal) immigrants from Mexico and other Central American nations.

The influx of immigrants has contributed to keeping California's unemployment rate, currently hovering around 7.3 per cent, slightly above the US

national average of 7 per cent. Wages could hardly be more flexible. The federal statutory minimum wage of \$3.50 per hour (last increased in 1981) is frequently ignored. For many of the hundreds of thousands of illegal immigrants \$15, or even \$10, per day is a more realistic figure.

One ironical result is that California can compete with countries like Hong Kong and Taiwan in the low-tech textile industry, while it has surrendered markets for capital-intensive cars and steel to Japan and South Korea. The number of jobs in the clothing industry, for example, has risen by 10 per cent since the trough of the recession in 1982.

In aggregate terms the jobs lost in the old industries have been more than replaced by new employment in high-tech industries and in services. But as Mr Shapira says, most of these opportunities have been taken by new entrants to the labour force rather than redundant car or steel workers.

Over 40 per cent of manufacturing workers who lost their jobs in the industrial shake-up between 1979 and 1984 were still without work at the end of that period.

Perhaps more important, there are major qualitative differences between the jobs lost and gained. In the services sector, for example, wages are on average between 40 per cent and 50 per cent below those in

the state's basic manufacturing sector. Productivity across the services sector is similarly depressed, relative to manufacturing, placing a constraint on the state's ability to generate the income gains which were once the engine of its economic growth.

Studies by Mr Michael Tiest of Berkeley, for example, show that the proportion of the state's overall output generated by service industries is significantly below the sector's share of total employment.

In contrast, the rate of growth of output in traditional manufacturing industries was considerably faster than the pace of increase in employment in those industries.

It is true that the rapid advance of computing communications and information technology has been associated with strong productivity. These industries, however, have been neither stable nor large enough to fill the gap left by the decline of traditional industries. Silicon Valley companies typically combine a small, highly-paid, white collar workforce with a pool of low-skilled and relatively low-paid production workers.

The recent shake-outs in both semiconductors and personal computers have also encouraged the trend among high-tech companies to push production offshore while focusing their operations in California on research and development.

One of the results of these trends is a polarisation of income and opportunity. It is no coincidence that while total personal income in the state has continued to grow strongly, the proportion of the population below the official poverty line has been rising. California is ranked about fifth among US states in terms of per capita income, California now has a poverty rate close to the national average of 14 per cent.

That has contributed to a stagnation of family income growth, putting home ownership out of reach for the typical blue-collar young married couple unless both partners are at work.

California has also become progressively poorer relative to the rest of the US. In 1960 its per capita income was 123 per cent of the US average. By 1980 that figure had fallen to 116 per cent and by 1984 to 113 per cent.

Some of these developments are inevitable in any maturing economy. The hectic pace of growth in California was never likely to be sustainable over the long term. And California's vast natural and entrepreneurial resources mean that it is likely to remain one of the richest regions in the industrialised world.

Anyone spending any time there, however, cannot help but feel that a great deal of that wealth was built on the success of the industries which have now gone into decline. Could it be that in 10 years time Californians will be mourning the shift to a post-industrial society as the end of the American Dream?

### Gunn chooses tested team

The history of John Gunn's rise in the City can be traced in the four-strong team that he has brought on to the British & Commonwealth Shipping board.

All four men have played a key role in B & C's recent expansion under Gunn, but they can also trace their contacts with Gunn back to his earlier days at Exco International, the money broking group he founded, and quit abruptly just over a year ago.

Julian Lee, 41, who heads Kaines Corporation, a commodity trading group, is an accountant who advised Gunn in the early 1970s when he was at Arley and Pearce, the money broker which Gunn turned into Exco.

Lee is a former senior executive with Phillips Swarthmore of Salomon, the US commodities and investment banking group. Coincidentally, he quit Phillips on the same day Gunn left Exco.

Peter Goldie, 39, currently chief executive of Abaco Investments, the financial services group, is a former executive with merchant bankers Guinness

and the former senior executive with Phillips Swarthmore of Salomon, the US commodities and investment banking group. Coincidentally, he quit Phillips on the same day Gunn left Exco.

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### Men and Matters

Maheon. He worked with Gunn on the financing of the purchase of a large stake in Telerate, the US business information group, by Exco in 1981.

Paul Myers, 42, who heads Exco, is another former Exco man who now heads Gartmore Investment Trust, which became a fully owned B & C company after Exco unravelled their joint interests.

Charles Cary-Elwes, 46, the oldest of the team, was a member of Gunn's inner cabinet at Exco. An accountant by training he was a corporate finance executive at stockbrokers Greaveson Grant before joining Exco.

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### Computer model

Since bringing off the biggest take-over in the US computer industry earlier this year, Michael Blumenthal, chairman of Burroughs, has talked of making the link-up with Sperry into a model merger.

In Europe, at least, this emphasis on smooth integration is demonstrated in the prominence given to Sperry executives in the new and, as yet, unnamed joint corporation. Five of the European vice-presidents and general managers are from Sperry and only three from Burroughs.

To some extent, the appointments reflect the size of the constituent companies in the markets concerned. In the UK, for example, John Perry, 46, former managing director of the local Burroughs company, has emerged as general manager of the new combined group.

Perry had another advantage. From 1981-83, he worked closely with Blumenthal as vice-president of strategic planning, and then took two further jobs as Burroughs' headquarters in Detroit.

Those three years, Perry admits, gave him a certain visibility. But he adds: "Being in headquarters also means that you have to spend a awful lot of time justifying your plans."

Most of the parts in the AC Ace sports car, developed by two British companies, AC Cars and Autokraft and unveiled at the Birmingham Motor Show yesterday, are made in Europe.

But the Union Jack badge on the rear of the car is made in... Korea.

AC says it got the badges from its Surrey neighbour, Panther Cars, which is now owned by Korean, Young Chull Kim.

Observer

### Zealand had refused its ports to US naval ships.

The New Zealand government is expected to give its assessment of political and strategic developments, and advice on business and economic conditions in the 47 countries where the bank operates.

On the list of the great and the good is Malcolm Fraser, the former Australian Prime Minister, who lost office in March 1983. This has intrigued many, because in recent weeks speculation has grown that Fraser might return to active politics.

The idea has spread because of the somewhat lacklustre performance of John Howard, current leader of the opposition Liberal Party, and the fact that Fraser himself broke a lengthy silence on domestic politics at the end of last month by spelling out a programme of reforms to restore Australia's tarnished economic image.

But ANZ's chairman, Sir William Vines, said yesterday that Fraser had no further political aspirations in Australia. Understandably, he also expressed pleasure at having Fraser on board. The former PM had "splendid and very high-level contacts in the US," he said, and many friends in Asia since he served on the Commonwealth's Eminent Persons Group.

The quality of those US contacts was revealed, rather embarrassingly, last month with the publication of a letter Fraser wrote to George Bush, the US Vice-President, discussing how Washington might handle the problem of the ANZUS defence pact since New

## A CONFLICT OF INTERESTS?

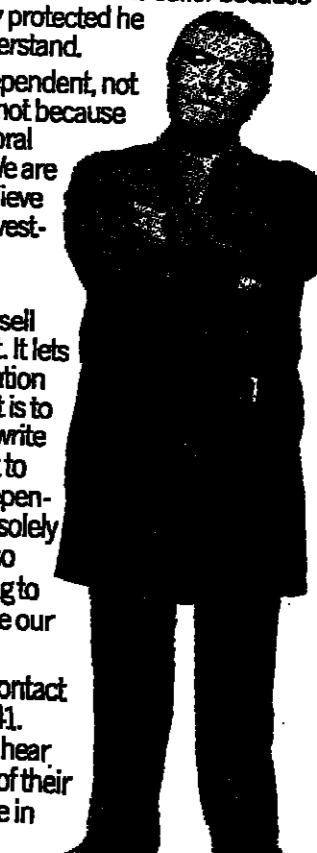
Ty telling him that. He's probably never heard of a pension fund manager, but he knows that someone looks after his monthly contributions. If he had to suffer because his interests hadn't been fully protected he just might find it hard to understand.

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ABERDEEN

Cracks in the granite facade

"WHAT'S happening here is like a hard winter. The weaker and less fortunate businesses go to the wall, but the industry as a whole should re-emerge stronger."

That is the view of Mr Michael Park, one of Aberdeen's leading solicitors, on the difficulties facing the city which prides itself on being the oil capital of Britain.

Nine months after the collapse in the oil price, Aberdeen is no longer a boom town. But Aberdonians seem to have recovered from a period of near despair earlier this year, and are now insisting that everything is more or less OK. They bristle at the use of the word recession. The question is: are they right? Will the upturn which they all consistently predict actually arrive?

For the past ten years, Aberdeen has enjoyed a rate of expansion unmatched by any other major city in Britain. As the exploitation of the oilfields of the northern North Sea roared ahead, what had previously been a tranquil provincial capital, earning its living from the fishing industry and its rich agricultural hinterland, suddenly became a thriving centre for the oil industry.

The population rose by 60,000 to about 250,000. The town was redeveloped, the harbour improved, and new hotels sprang up which display the time in Houston, Texas, as well as the local time above the reception desks. About 10,000 American oil men came to live in or around the city. Aberdeen was where vigorous young men from all over Britain went to get work on oil.

Yet the comparisons with other oil boom towns like Abu Dhabi or Doha were always grossly overdone. The population increase was not remotely on a scale to create the predominance of native Aberdonians. Office blocks and new houses went up, but all were in the style of the stone of the existing city. They are acutely vulnerable.

With such a solid facade confronting you, you have to look hard for glaring signs of a downturn today. Yet Aberdeen is this year suffering a drop of at least 10 per cent in its principal business—all sectors—activity—compared with reasonably steady growth in the past. The oil companies, their cash flow pinched by the collapse of crude prices, reacted immediately by cutting exploration work. Spending on exploration in the North Sea this year is expected

to be only 60 per cent of its 1985 level of £1.1 billion. About half a dozen drilling rigs lie idle off the beach at Aberdeen, and another dozen are parked elsewhere along the coast of Scotland.

They then postponed or scaled down projects to develop new fields. Capital expenditure (including exploration) in the whole North Sea is expected to fall 30 per cent this year from the £3.5 billion spent in 1985.

The consequences for people and businesses making oilfield equipment are dire; but they are only slightly less serious for those who service the oilfields—Aberdeen's speciality. Fortunately about half of Aberdeen's activity is connected with oil production rather than exploration or development, and oil prices have not fallen so low as to make production from existing fields uneconomic. Indeed it is running at peak levels of around 2.6m barrels per day.

Aberdeen harbour looks crowded and the tonnage handled in the first eight months of this year is about the same as last year—but a good number of the supply boats are in fact sitting idle, awaiting work, according to Mr John Turner, chief executive of the harbour board. The bars around the harbour where the rowabouts used to congregate are half empty. Companies, which provide divers are short of work, helicopter traffic from the airport is down, and oilfield agricultural plant is slow to move. The fact that much platform accommodation is half empty.

There have been no spectacular company failures yet but the flow through the airport of accountants on corporate first aid missions tells its own story. As Mr Bruce Patullo, chief executive of the Bank of Scotland in Edinburgh, points out: "People who run companies that have had ten good years find it hard to get job satisfaction out of scaling down their operations."

The oil companies have not yet made drastic cuts in their staffing at Aberdeen, though BP is moving 300 employees and their families back to London (about a tenth of its Aberdeen payroll) and British has made 150 people redundant. The American oil companies had begun moving senior executives back to the US a year or two ago as income tax changes pushed up the cost of maintaining them in Britain to seven or eight times the cost



A mix of hope and despair of employing a Britain. Several hundred have now gone. All this has its effects for the Aberdeen area. Grampian Regional Council calculates that the number of oil-related jobs has fallen by 8,000 to 47,000 in the past year and thinks more could go, although unemployment in Aberdeen is far below

the national average at 8.4 per cent. Aberdeen taxis now have to wait a long time for ranks before they get a fare, and restaurants, some of which would not look out of place in Mayfair, are lowering their prices.

The American School in Aberdeen has in the last few months seen the number of secondary pupils fall by about 25 from 150. It was lucky to replace most of them with children from US Navy families based in from a communications base in Angus. The departing Americans took their spending power with them. Eutaw's departure has pushed up the prices of the Ternan families' gargantuan appetites, and laundries and the housewives who pushed the entire family's washing across the counter once a week. But antique shops have profited as Americans have stocked up with furniture to ship back to the US.

For many Aberdonians, the most painful effect of the downturn has been the fall in property values. Until a year or two ago, prices of houses in the Aberdeen area were rising by up to 15 per cent a year. In the past year they have declined by an average of 8 per cent, and people making forced sales have had to accept disastrously low prices. Whereas in Aberdeen it used to take just a few days to sell a house, it now takes several months.

"There are personal tragedies happening or in the making in Aberdeen which have not been mentioned in the rest of Britain," says an experienced observer of the scene who lives in the smart dormitory town of Banchory, outside Aberdeen. Some of the families have been leaving the building society to repossess their house.

As for commercial property, if rents are being maintained at their previous levels, it is only because of the simple fact of leaving the building society to repossess their house.

Even when development resumes, it may not be in the same confident, flamboyant manner of the past, where speed was more important than cost-efficiency. "I only hope the accountants don't keep their grippers on the offshore industry," says one Aberdeen analyst who believes there will be even less exploration activity next year than there has been this year. The pressure on the oilfield supply industry will mount and could well lead to mergers or worse, as well as to further job losses.

James Buxton Scottish Correspondent

UK public inquiries

A case of too much economics

By Alfred Goldstein

Last month's Green Paper on the Future of Development Plans was a welcome indication of the Government's intention to improve the planning process; efficiency and less delay are the aims. The same aims for highway planning would also be worthwhile, and a review of the apparently interminable public inquiries would be appropriate. An examination of the way in which economic arguments are pursued at these inquiries would be a good start.

Using complex cost-benefit (C/B) calculations, the Department of Transport endeavours to show at inquiries that one particular road it proposes is economically justified—i.e., the money value of the future stream of benefits, discounted to present day, exceeds the future stream of building and maintenance costs. I refer to this process as absolute economic justification.

That the methods of such calculations, and the data used, are not without controversy can be understood readily. For example, the calculated money values for non-working time and accident savings (life and injury) are and must be indirectly derived.

Enormous amounts of time and resources are spent at public inquiries in examining in exhaustive detail all aspects of such calculations. It must be expected that this will continue. Even non-affected laymen are not readily persuaded by C/B calculations. Objectors understandably refuse to be persuaded.

Government expenditure on transport—especially on highways—is unusual in the employment of elaborate C/B calculations to justify economic viability. Such calculations are not deployed to justify other main public expenditure streams—education, health, defence for example—nor can they be. It may, therefore, be inferred that absolute economic justification can have only a small role in the annual bargaining between spending departments and the Treasury for shares of taxpayers' funds.

The annual budget allocation process results in a specific sum for highways. Whatever the nature of the bargaining process, that sum—say £1—has been committed, and soon has the authority of Parliament (no supply without redress of grievance). On prima facie grounds it may, therefore, be asked why absolute economic justification is called for at public inquiries. If each scheme in a year is so justified and the cost of all schemes aggregates to £1, the result of so laborious a process would be an absolute economic justification of a sum the expenditure of which had already been authorised by Parliament, usually years before! A curious inversion of affairs!

I suggest that a demonstration of absolute economic justification using C/B analysis is unnecessary in principle and probably counter-productive in practice. Instead, it would be beneficial and logical for the economic justification advanced at public inquiries to relate to the selection of the particular road ("relative" economic justification). This is not intended to deny the general value of C/B analysis. There are in any event other reasons for, and against, a new road. The absence here of such considerations should not be taken as implying that they are less important.

Would it not be more consistent, more satisfactory and certainly less resource-consuming if the department's procedure at public inquiries were to be modified? The department, having authority to spend £1, would be on notice to show how the scheme it has selected fits, in economic terms, into the range of schemes it has selected, and to illustrate the respective merits of the alternatives canvassed.

The approach advanced here would have substantial benefits and would not deny any objectors' right of challenge. It would recognise C/B calculations for what they are and would be more consistent with the way in which annual highway budgets are established. It would also save much effort and resources at public inquiries, shortening the duration. Bearing in mind that the economic evaluation is only one of many factors considered at public inquiries, this new approach would avoid excessive concentration on the minutiae of economic evaluation, when some of the major determinants are in any event uncertain, and are likely to remain so.

The author is chairman of the Transport Mergers group.

Increasing the warheads

From Lord Gladwyn

Sir—As I believe I said some years ago, the "Star Wars" project, which will now, it seems, be pursued in all its inherent absurdity by the Americans, has three main objectives:

It was designed to increase the popularity of President Reagan and the Republican Party by giving the American people the (erroneous) impression that they can, and eventually will, not only be largely protected from nuclear bombardment by the Russians, but also, in effect, regain that nuclear deterrence which they lost when the Russians got possession of the atomic bomb.

It is calculated to make enormous profits over many years for a large number of individuals, concerns and institutions in the United States so fortunate as to participate in research.

If fully persisted in, it would preclude any agreement with the Soviet Union on arms limitation, which is something that many powerful Americans, such as Messrs Perle and Weinberger, are still determined to prevent.

Falling further action by Congress in limiting funds, or some rather unlikely change of heart on the part of the administration, it would seem that for the time being, all these objectives have now been successfully attained.

It remains a fact, however, as pointed out by Lord Zuckerman, that the Americans, while not without the ability to construct a similar "shield" in space—which most scientists think is impossible anyhow—will probably not at least start to triple the number of their "mirved" warheads in their immensely powerful ICB missiles, thus bringing them up from 10,000 to 30,000, enough to swamp any conceivable US "shield"; increase the number of their invulnerable sea-borne missiles with a similar purpose; and so arrange that their missiles "mirved" warheads separate before leaving the atmosphere thus rendering them immune from destruction by laser beams or otherwise.

Such a development will naturally be welcomed by the equivalent in Moscow, the US "arm industrial" complex, members of which are no doubt just as opposed to "détente" and arms limitation as their American counterparts, to say nothing of the continued suppression of Soviet "tests." It is tragic, therefore, that the extremely far-reaching, and apparently acceptable concessions made in Reykjavik by Mr Gorbachev were rejected simply because of insistence by the President on a continuance of the "Star Wars" programme on lines which will violate

Letters to the Editor

the ABM treaty of 1972. For this is something that no Soviet Government could willingly accept given that it has to be assumed that, taken along with "anti satellite" activity, it might one day succeed. And, if it ever did, the Russians would, falling expensive countermeasures incompatible with arms limitation, shortly find themselves at the mercy of the other super power.

What the European members of the alliance should now, therefore, do is, conceivably, to try to persuade the Americans at least to accept some modification of the "Star Wars" programme that will enable further progress to be made at Geneva. Everything may depend on that. Gladwyn.

24 Whitehall Court, SW1.

The pound in trouble From Mr A. Hornwell. Sir—Phillip Stevens observes (October 11) that the record August trade deficit is likely to be an aberration. I wish he was right.

The pound sank rapidly in the past few months, an outcome of 1978. The trade figures, with little help from oil, worsened sharply throughout that period. Two factors important there, stated by Henry the high proportion of imports and the smaller proportion of exports who distrust the stability of the pound exchange rate and prefer to do their business in foreign currencies; and the increased magnitude of "buying forward" of currencies by importers whenever the pound is under international attack.

UK Customs and Excise does not measure these "leads and lags" in foreign currency transactions. Consequently as the pound falls in value the reported costs of foreign currency imports are always overstated. The error of the error appears some time later in the balancing item at the Bank of England. We know today that the 1978 trade deficit was overstated by about £1.5bn.

In 1986 the sharper fall in the pound and a larger overall magnitude of trade suggests the error in the Customs and Excise figures could be at least £2bn by Christmas. If the pound is left at today's level it will become extraordinarily difficult, in my view, to restore an overseas trade equilibrium. Long experience shows that the UK does not cut imports volume nor raise export volume with ease or speed. The temptation is

always to try to effect change by price adjustments. It is happening now. For example, IBM (UK) has just raised prices by 6 per cent. It has other plants in Europe which regard a fall in the pound as an unfair advantage for the UK subsidiary. A higher market share for IBM (UK) is therefore, multiplied. Similar price moves are expected shortly from other major international firms with subsidiaries in the UK. There are many of them!

It invited to prepare a more optimistic forward view I would politely suggest the Government has to reassess that the pound in future performs its proper functions as a "store of value" as well as a "medium of exchange." That means tying the pound to a fixed rate to the dollar (as in 1977) or to the German mark. Otherwise overseas trade and banking settlements will be stacked against the pound and more and more for international borrowing and arbitrage purposes which rapidly bear upon money supply growth.

Alan S. Hornwell, 25, City Road, ECL.

Executive pay From Mr J. Hampton. Sir—I read with astonishment your editorial of October 6 entitled "The excesses of executive pay," which started off by asking with an entirely straight face: "Are Britain's top managers overpaying themselves?"

"Britain's managers, top or otherwise, have been seriously underpaid for years, and, as more and more British firms flounder their way into the realization that they are competing in an international market place, more and more of Britain's better managers (yes, there are some) emigrate to work where their efforts will be better rewarded (or they go to work for Americans so they can be paid in Britain, on American scales)."

As you rightly point out: "good managers are both scarce and internationally mobile." Increasingly, what's left here for British industry are those without the ability, or drive, or the interest (in money) to move. None of those characteristics makes for a good manager. As with all things in life, in management you get what you pay for. British executives are about as poorly paid as in any developed country in the world, and British industry's

lack of competitiveness reflects it. But, then, executive pay is just one of the bits of lard greasing Britain's slippery slide. Lawrence W. Hampton, Laurel Cottage, Tyler's Green Common, Penn, Bucks.

Spotting the changes From Mr J. Defries. Sir—Six months after shares peaked in London, "Lex" (October 11) appears finally to have made up his mind that the equity market has been getting bogged down in a tussle between bulls and bears.

Technical analysts, who seem to offer considerable entertainment to his and others, gave a warning as long ago as April 88 that all three equity indices had made head and shoulder "top" formations.

The main endeavour of chartists is to spot a change in trend while it remains in a share before a move would appear to be justified on available fundamentals or published news. Chinese walls there may be but it is quite remarkable the number of times that this happens.

Live and let live! I am proud to be a member of the Society of Technical Analysts; and I do not have a dirty raiocoot. Alan S. Defries, 43 Brampton Grove, Hendon, NW4.

Small sample shows bias From Mr P. Haywood. Sir—In the aftermath of the TSB issue I appear to have discovered an interesting fact about the allocation of ballot of the available shares: an admittedly small sample of friends and colleagues shows a clear bias in favour of female applicants. Of ten applications five were successful but these were the lot of six females. Of the other four male applicants none was successful.

This same picture emerges within my own family. There are six of us—three male, three female. The three male members were successful, the males unsuccessful.

In this simply a statistical freak or was there a sexual bias imposed from the top? The applications referred to were dealt with from different centres which makes the situation all the more intriguing. Just in case my letter threatens to raise any female sensitivities let me add that I would not quarrel with such a bias if it did exist. What would be interesting to explore is what is meant by "ballot." Perhaps in due course the TSB will solve my problem by telling us what proportion of the new register are male and female! P. G. Haywood, 28 Conroy Avenue, Cleveleys, Blackpool.

Advertisement for ACUMAN suits. The ad features a grid of suit images with prices: 'NORMALLY £225', 'NORMALLY £136', 'NORMALLY £175', 'NORMALLY £175', 'NORMALLY £210', 'NORMALLY £125'. Below the grid, it says 'BEHIND ALL BEAUTIFUL SUITS ARE LOW PRICES'. The text describes Acuman's suits as 'a new kind of men's store. Bringing you superb quality suits at amazingly low prices. Famous names, as well as Acuman's own range. At prices as low as £100, £90 or even less. So you can make huge savings. (In fact up to 35%.)' It also mentions 'At Acuman, you'll be spoilt for choice. We've over 5000 suits in a comprehensive range of sizes. (From 34" to 48", in short, regular, long and portly fittings.)' and 'Acuman. For outstanding names and astonishing value.' The bottom of the ad shows the ACUMAN logo and the address: '72 THE STRAND, WC2. 7 KINGSWAY, WC2. 90 GRACECHURCH ST. EC3. 135 VICTORIA ST. SW1.'



That's BTR

# FINANCIAL TIMES

Wednesday October 15 1986



## Australian current account deficit at record

By Chris Sherwell in Sydney

AUSTRALIA yesterday reported its worst-ever quarterly current account figures for the balance of payments, but financial markets took the announcement in their stride.

Yesterday's preliminary estimate of A\$1.45bn (US\$928m) for the monthly current account deficit in September was around the upper level of market expectations and took the deficit for the first quarter of the current financial year to A\$4.26bn.

Despite this, the Australian dollar finished at 64 US cents in Sydney, its strongest level since July, while the stock market continued to strengthen, finishing at a record level.

Mr Bob Hawke, the Prime Minister, repeated previous warnings that some "reasonably high" current account figures will be seen in the rest of 1986. He forecast a "significant improvement" in 1987, and Mr Paul Keating, the Treasurer, said the Government's structural reforms were certain to show results.

"You'll see these changes falling into place for the Government like apples in a slot machine," Mr Keating told parliament yesterday. "You'll be eating your political hearts out," he told the opposition.

In contrast, Mr John Howard, leader of the opposition Liberal Party, said that the figures showed that the balance of payments was still in crisis. He said the current account deficit was running at an annual rate of A\$1.7bn, well above the record 1985-86 level of A\$1.7bn.

Yesterday's figures showed a seasonally adjusted 12 per cent rise in exports for September compared to August, to A\$3.5bn. Imports were up 17 per cent to A\$3.95bn, services showed a deficit of A\$339m, while net transfers were in deficit to the tune of A\$543m.

The quarterly current account deficit of A\$4.26bn was significantly worse than the figure of A\$3.59bn in the same period last year. The previous worst quarter was October-December 1985, when the deficit was A\$3.79bn.

## Reagan blamed by Gorbachev over summit

Continued from Page 1

dent Reagan "showed a complete lack of knowledge of socialist countries."

He also dismissed out of hand President Reagan's claim that the US would eventually share information on SDI with the Soviet Union. Mr Gorbachev said he had told President Reagan "You don't want to share our technology with us or the technology of dairy farming." It did not seem likely to the Soviet Union that the US would be willing to reveal the secrets of SDI.

The Soviet leader said the US was making two mistakes, one tactical and one strategic. The first was to believe that the Soviet Union would ever accept US superiority and the second was the belief that it was possible "to bleed the Soviet Union white by the arms race in the most advanced nuclear weapons."

The US, conscious of a Soviet propaganda blitz in Europe, is also addressing an international audience. Yesterday, Mr Richard Perle, one of the President's closest defence advisers and a long-standing sceptic of arms control agreements, answered questions from European journalists on satellite television.

Mr Perle stressed that some dramatic changes had taken place in the Soviet negotiating stance and the US intended to follow up on the progress made at Reykjavik.

He said that both sides had agreed to reduce the number of intermediate range nuclear forces (INF) in Europe to zero.

## Britain to try US-style auction for gilts sales

BY JANET BUSH IN LONDON

THE BANK OF ENGLAND is looking at the possibility of holding experimental auctions of UK Government gilt-edged securities, perhaps before the end of the current fiscal year.

The Bank said in a paper published today that it would explore the possibilities of an auction system similar to the US Treasury bond auction. It also gave details of its planned operations in the expanded and more complex secondary market after Big Bang deregulation on October 27.

Most leading British merchant and clearing banks have teamed up with brokers or jobbers and established themselves as potential forces in the new market.

The leading US houses also flocked to the Bank of England to claim their places as primary dealers. But Japanese players are notably absent. Many market participants expect several of the large Japanese securities firms to apply for primary dealership status next year, intensifying competition even further.

The newly structured market replaces the handful of jobbers who have dominated the business with 21 market-makers. Volume is expected to surge because of the increased difficulty of making profits in what are expected to be aggressive conditions.

The Bank does not expect major problems running auctions alongside the current system of issuing tape and tablets. It is thought the two operations could bring out the best in each other and limit their disadvantages.

Auctions ensure regular funding but are inflexible. There is a danger that the Government's aim of borrowing cheaply could be sabotaged if the market were to weaken sharply ahead of an offering. This could be caused either by adverse economic news or because primary dealers, had taken the market down ahead of an auction to pick up stock more cheaply.

Funding operations at present in use can mirror and use changing market conditions much more sensitively but do not always provide the Government with a sure and regular source of cash.

US-based primary dealers view auctions as essential if the new market is to function smoothly, but some UK houses are concerned that such a system would give their more experienced US competitors an edge. There is also some scepticism over whether the UK Government needs to auction large volumes regularly because its borrowing needs are lessening.

The City of London reacted favourably to the Bank's proposals for dealing with surges of demand in the secondary market through ad hoc tenders.

Market-makers were relieved that the Bank would accept bids in a 10-minute slot before the beginning of formal trading. They said this new feature figured in the first dress rehearsal on September 27.

See Page 25; Little gears up for Big Bank, Page 23

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See Page 25; Little gears up for Big Bank, Page 23

## Ford to invest £1.5bn in UK during the next five years

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN BIRMINGHAM

FORD, the US-owned vehicles group, will invest £1.46bn (\$2.1bn) in Britain in the next five years, Mr Derek Barron, the new chairman and chief executive of Ford of Britain, announced yesterday.

This nearly equals the £1.6bn spent in the UK by the group since 1978, he said.

In a tub-thumping speech to mark the 75th anniversary of Ford's first manufacturing operation in Britain, he said: "Ford's faith in the UK can be measured by the money we have put into it. Our strength has only been achieved by a sustained programme of investment and our stake here is now very big. Measured in current cost terms it is more than £5.5bn."

Mr Barron said the future programme would include £300m for the development of new vehicles and £350m on new engines and transmissions.

New engines to be produced at Dagenham in east London and Bridgend in South Wales, would make Britain the centre of Ford's

engine technology in Europe, he added. More than 80 per cent of British engine production is to be exported.

Mr Barron said that since 1984 productivity at the UK Ford factories at Dagenham and Halewood had improved by 50 per cent. Output was now on schedule at about 1,000 cars a day from each plant.

However, the productivity remained "significantly below" that of Ford's comparable factories in West Germany, Belgium and Spain.

The improvement in productivity would enable Ford to provide 60 per cent of total car sales in Britain from the UK plants this year, compared with 53 per cent in 1985.

The increase in the UK-built content comes at an important moment because Ford, as the major car importer in Britain, is suffering more than most companies from the recent rapid strengthening of the D-Mark and most other European currencies against the pound.

Mr Barron admitted that Ford had not foreseen such a strong

surge in the German currency's value and it would have a "significant negative effect" on Ford of Britain's 1986 profits. He said Ford's exports of engines and commercial vehicles had been rising sharply this year and that this, coupled with the increase in car output, was helping to reduce the balance of payments deficit on Ford of Britain's trade with the rest of the world. He could not say, however, if or when Ford would return to being a net contributor to the UK balance of payments.

Mr Barron pointed out that Ford of Britain was part of a group operating on a worldwide scale. Ford's strength as a volume car producer in Britain was entirely dependent on its strength worldwide. "The two cannot be disentangled."

Without mentioning the new Nissan factory in the UK Mr Barron said Ford would do whatever was needed to take on all competitors - be they from Japan or Korea or Taiwan - to ensure profitable survival and another 50 years manufacturing in the UK.

## Moscow sticks to mid-range weapons offer

Continued from Page 1

However, that did not mean Moscow would continue to insist on a package deal in Geneva. Mr Karpov said the Soviet Government needed time to assess the problem.

Mr Karpov said that the Soviet Union was not insisting on a renunciation by the US of its Strategic Defence Initiative (SDI) - "Star Wars" - as long as it was confined to laboratory research and development. He denied that Moscow was asking for a fundamental revision of the 1972 anti-ballistic missile treaty (ABM), as President Reagan has claimed. All Moscow was proposing was a strict adherence to the treaty, which prohibited testing of weapons in space. If there was any disagreement between the Soviet Union and the US on the interpretation of the treaty, this could be the subject of bilateral talks, as had happened before.

It was clear that Mrs Thatcher and Mr Karpov agreed at their meeting yesterday that the outcome of the Reykjavik summit should not be seen as a total failure.

Though both parties agreed they would not disclose details of their discussions, officials said Mrs Thatcher and Mr Karpov had concluded it was vital to find a way forward and that there were grounds for further negotiations.

Ironically, however, any rise in home loan lending rates will have the immediate effect of pushing up recorded inflation by adding to the retail price index.

Sir Terence Beckett, the director-general of the Confederation of British Industry, the employers' organisation, called the increase in borrowing costs a great pity. "With America's growth falling off, the rest of the world, including Britain, needs lower not higher interest rates," he said.

In the City, the immediate reaction of the foreign exchange markets was to push up the value of the pound, but after a brief flurry it fell back to around Monday's levels. The sterling index ended the day at 67.5, up 0.1 point from Monday, while against the dollar the pound rose by 0.3 cents to close at \$1.4375.

There was speculation that the decision to raise rates signalled that Mrs Margaret Thatcher, the

## Diamond prices to rise

BY KENNETH MARSTON, MINING EDITOR, IN LONDON

DIAMOND PRICES are to rise, for the second time this year, by an overall 7 per cent from November 3. The increase will apply to rough (uncut) gem and industrial diamonds but will not affect the tiny industrial board and drilling materials.

The increase, announced by the Central Selling Organisation (CSO) of South Africa's De Beers which markets more than 80 per cent of

world diamond mine production, follows one of 7.5 per cent in May. In April 1985 the prices of gem quality diamonds was increased 3.5 per cent.

The diamond market has this year seen revived demand for large and expensive gems which De Beers had to stockpile during the recession of 1981-85.

Analysis, Page 22

## Britain raises bank base rates to 11%

Continued from Page 1

economic policies and also demonstrates the political corruption of this Government."

"To put off the announcement of the increase until after the Tory conference, the Government spent millions of pounds postponing the inevitable," he said.

The Bank of England is thought to have spent up to \$1bn of its foreign exchange reserves in intervention to support sterling over the past few weeks.

The Treasury view is that a 1 point rise in rates is enough to balance sterling's decline in terms of neutralising the impact on inflation, but that if it had acted earlier it would have been forced into an unnecessary large 2-point increase.

Prime Minister, continues to oppose early British membership of the European Monetary System's exchange rate mechanism. The possibility that Britain might join the mechanism has supported the pound in recent weeks.

Some brokers were forecasting that another rise in interest rates would be necessary if sterling were not to resume its slide, but nothing was expected before Mr Lawson's annual speech on monetary policy in the City of London tomorrow.

In that address, Mr Lawson is expected to re-emphasise the Government's commitment to holding down inflation.

High Carney in Belfast writes: heavy upward pressure on Irish interest rates sharpened yesterday when the Bank of Ireland increased its prime lending rates by two percentage points to 12 per cent. The three other major Irish clearing banks held off in the hope of greater increases later this week.

## Lloyd's watchdog unit to have wide powers

By Nick Barker in London

LLOYD'S of London, the international insurance market, is to set up a special 15-strong unit with powers to make spot-checks on insurance brokers and underwriting agencies suspected of breaking the market's rules.

The move will bring Lloyd's closer to meeting regulatory standards laid down in the Financial Services Bill, which is set up a new framework for investor protection in the UK's financial community.

It marks a significant departure for Lloyd's, because the power to order spot-checks and other inspections will lie with the market's chief executive, rather than with the ruling Lloyd's Council or with leading market practitioners.

Mr Alan Lord, the present chief executive, said yesterday that the new unit called the General Review Department, will be set up under a new Lloyd's bye-law passed by the council this week.

The bye-law gives the chief executive powers to order a review of the affairs of any Lloyd's broker or underwriting agency, including a right to examine documents on their premises. These powers can be necessary to be exercised without prior notice.

Mr Lord said such reviews would monitor compliance with Lloyd's bye-laws, but also provide information to be used in developing regulatory policy. He made it clear that the department would function like the compliance units which the UK's new self-regulatory bodies will have to set up under the Financial Services Bill.

The move comes as Lloyd's awaits the report of the Neill Inquiry, appointed to consider whether its present self-regulatory system meets standards laid down in the bill, from which Lloyd's has been excluded.

The Council of Lloyd's has also confirmed a fine of £175,000 (£250,250) on Mr Colin Hart, a former underwriter for Lloyd's insurance syndicates managed by a subsidiary of Alexander Howden, the insurance broker.

It upheld a Lloyd's disciplinary committee decision earlier this year to impose the fine, ban Mr Hart from the market and order him to pay costs of £20,000. He was found guilty by the committee of eight charges of misconduct.

They alleged the use of reinsurance schemes 10 years ago to divert into Swiss bank accounts more than \$1.5m belonging to the syndicates' underwriting members. Mr Hart was found guilty of dishonestly appropriating \$500,000 of the syndicates' funds during 1978-79. Papers on the case have been sent to the Director of Public Prosecutions.

West German real incomes rise faster

By Andrew Fisher in Frankfurt

REAL INCOMES in West Germany grew at a faster rate in the first half of 1986 than at any time in the past 12 years, according to the Bundesbank's monthly report.

The 4.1 per cent increase over the same period of last year resulted from increased overtime and bonus payments as a result of increased economic activity - actual wage levels were 3.3 per cent higher - and lower prices.

Heating oil costs were considerably lower, because of reduced oil prices and the strengthening D-Mark. Consumers also benefited from tax cuts at the start of this year.

With more money at their disposal, Germans have been borrowing more heavily from banks to finance purchases, mainly of cars. Favourable credit conditions offered by dealers were a strong influence.

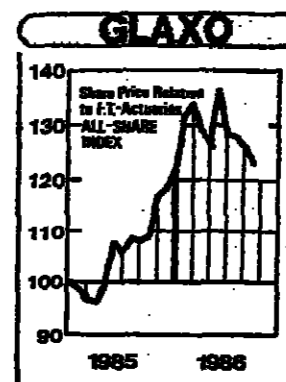
Private borrowings for consumer buying rose by 25 per cent in the first six months compared with the year-ago period to DM 6.3bn (\$3.2bn).

The figures reflect the shift in German economic growth away from export demand, as the effect of the revalued D-Mark takes hold on the domestic economy. The Bundesbank said consumer demand should remain high beyond this year.

It also reported a further acceleration in money supply growth - measured by central bank money stock - from an annual rate of around 7 per cent in August to 7.5 per cent in September against a target of 3.5 to 5.5 per cent. This rate of increase has been a key argument in the Bundesbank's refusal to cut its 3.5 per cent discount rate, despite heavy US pressure.

## THE LEX COLUMN

# A drop in the Atlantic



Hitting the dollar when it was on the way down, last year, was a good trick for the central banks. But the present concerted attempt to brake the dollar's descent goes against the flow of the foreign exchange markets; it is looking expensively ineffectual. Wading in to buy about \$1bn seems to have bought a recovery in the D-Mark rate of about one-third of a penny. At some \$30,000,000 a pip, with little sign that the results will stick, this kind of intervention makes about as much sense as canoeing up Niagara.

## Glaxo

The bears have Glaxo in a stranglehold. Even a 50 per cent rise in pre-tax profits to £11.6m in the year to June is apparently cause for taking another 10p off the shares, already down from a £114 high this year, to 93p. At its simplest their arguments run thus: Zantac the wonder drug is about to meet tough competition and go extinct; there is nothing to replace it, and anyway £56m of the profits were unrepeatable capital gains on the £50m investment portfolio.

## Satchi & Satchi

The rally in the battered Satchi & Satchi share price ended abruptly yesterday with a 40p fall to 820p. The shares will continue to flounder until the company makes a clear statement about its plans for the Ted Bates businesses. At the time of the takeover in May Satchi said that Ted Bates would continue to operate as an independent entity as all its other acquisitions have done. Instead that is part of the justification for paying so much for the goodwill in such businesses. The reaction of a number of major clients of Satchi and Bates suggests that not all Americans believe in agency Chinese walls.

It now appears that the turmoil within Bates could be resolved by a full merger with the Satchi network. That might end the uncertainty but could also accelerate defections from clients by accentuating possible conflicts of interest. And since Satchi paid \$400m up front for Bates there is not much in the way of performance-related payments to deter disgruntled Bates management from taking accounts with them. Satchi has at various times argued that its acquisitions need not amount to cannibalism; a theory that now seems questionable. No one impugns Satchi's rights issue profit forecast, which puts the shares on a multiple of about 12. In terms of the value the market puts on its historic earnings

## Gilt-edged market

That the Bank of England is to have some experimental auctions in gilt-edged is no surprise. With 27 market-makers to keep square, the auction has always looked the fairest way to operate the market, whether or not it was the method which resulted in the lowest cost of funding for the Government.

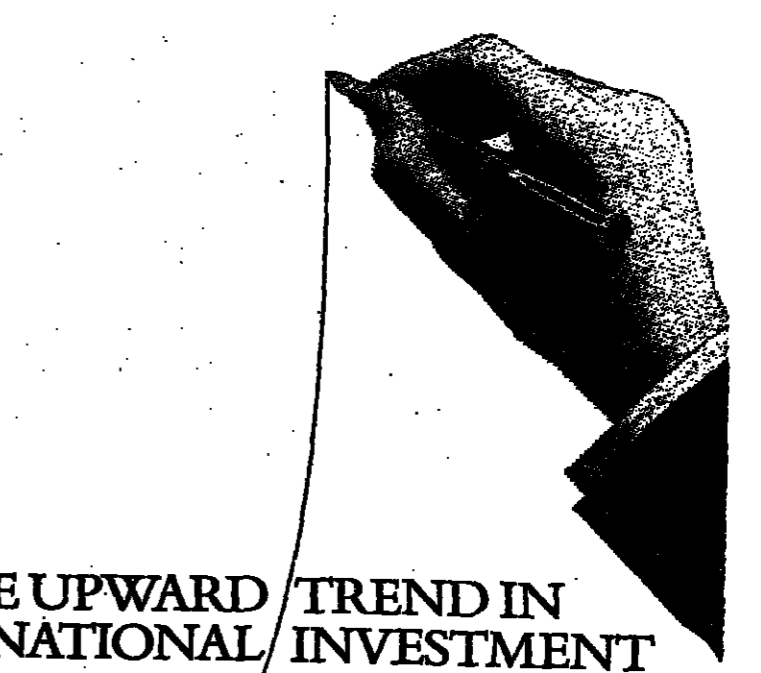
In practice, the Bank will begin by attempting to operate an ad hoc tendering system. But it seems more likely that, once the auctions have been given a trial, the trial will quickly turn into a new regime.

Even with the best of intentions, and a dress-rehearsal in which nothing went awry, it seems difficult to imagine a 27-line telephone tendering apparatus surviving for long in the heat of the day.

That probably spells an end to the tap system, which at least sup-

## World Weather

Location	Temp	Wind	Cloud	Humidity	Pressure
Amsterdam	18	12	75	85	1010
Bombay	28	15	80	90	1010
Buenos Aires	18	10	70	80	1010
Calcutta	28	15	80	90	1010
London	15	10	70	80	1010
Mumbai	28	15	80	90	1010
Paris	15	10	70	80	1010
Rangoon	28	15	80	90	1010
Singapore	28	15	80	90	1010
Tokyo	18	10	70	80	1010
Washington	15	10	70	80	1010



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Return on assets (%)	3.94	0.66

\* Act of provisions \*\* Annual rates

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Name: \_\_\_\_\_ Position: \_\_\_\_\_

Company: \_\_\_\_\_ Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

**JOBS**

**Latest indicators of main executive perks**

BY MICHAEL DIXON

THE MOST unusual perk the Jobs column has yet stumbled upon was enjoyed (if that's the word) by a headquarters manager I met once whose company's activities included farming. He had negotiated a monthly entitlement to a standard quantity of manure.

He was a keen gardener, he said, and so valued it even though some people not civilised enough to appreciate the satisfactions of gardening seemed to think the arrangement funny. Since those people included me, I changed the subject and moved on, neglecting to note his name.

Which is a pity. For very soon afterwards there came into my head a question which only he could answer.

Suppose, at the end of some month's work, his superior suddenly presented him with twice the usual quantity. Presumably they would be trying to tell him something about his performance. But would he take it as praise, or criticism?

Unfortunately, exotic perks like that are not included in the listing of fringe benefits awarded to different kinds of managers in the United Kingdom, which Inibacon Management Consultants includes in its yearly surveys of executive pay.

So only run-of-the-mill perks are covered by the table up to

Types of managers	PERCENTAGE OF PEOPLE IN EACH JOB WHO RECEIVE:									
	Full use of company car %	Allowance for use of subsidised own car %	Subsidised private phone %	Aid with house buying %	Life insurance %	Free medical insurance %	Share options scheme %	Share buying scheme %	Loans at low interest %	Bonus %
Managing directors .....	97.1	2.4	51.8	52.7	14.7	91.3	82.0	47.6	17.3	12.1
General managers .....	82.5	1.2	49.0	46.8	11.9	91.4	85.5	52.5	24.2	9.2
Company secretaries .....	87.5	7.1	56.5	42.3	12.7	89.9	81.5	43.5	17.9	12.5
Personnel executives .....	79.9	3.0	64.8	34.4	11.7	82.7	77.1	40.8	12.7	12.5
Financial executives .....	81.6	2.0	55.2	32.5	8.5	92.1	80.9	37.1	12.5	11.2
Production executives .....	78.5	4.9	51.9	33.5	8.2	82.9	73.1	35.9	8.1	8.5
Chief engineers .....	60.7	6.1	61.1	49.0	6.6	94.3	68.9	38.4	5.4	6.1
Distribution executives .....	67.5	4.9	58.4	32.1	9.1	91.5	67.9	35.0	6.6	9.9
Purchasing executives .....	63.9	4.3	63.6	15.3	3.8	91.6	64.1	39.4	4.6	7.6
Sales executives .....	82.4	1.4	59.2	49.6	5.4	92.6	77.2	32.5	9.1	7.0
Marketing executives .....	86.8	3.1	62.4	31.1	8.2	90.9	74.4	31.9	8.0	49.9
Heads of R and D .....	86.3	2.4	59.2	29.8	7.4	96.5	77.4	41.1	14.9	4.5
Data-processing chiefs .....	74.3	5.0	56.5	37.9	5.1	88.8	73.4	29.7	9.5	8.6
All types—1986 .....	78.2	2.9	55.8	34.6	8.2	92.2	74.1	36.4	10.7	7.9
(All types—1981) .....	(74.3)	(8.4)	(72.0)	(—)	(7.4)	(93.3)	(60.4)	( 17.0 )	( 7.7 )	(35.5)

the right, which I print by courtesy of Don McClune, Inibacon's salary research manager. Anyone wishing to know more about the newly published survey should contact him at 197 Knightsbridge, London SW7 1RN; telephone 01-584 6171; telex 916333 Reicon G.

The table shows which main fringe benefits were enjoyed as at July 1 this year by what percentages of 13 different kinds of executives. But more than those of 13 kinds go to make up the "all types" figures at the foot of the table, which refer to the full range of managerial types covered by the survey. The latest included

6,549 individuals employed by 623 widely assorted companies. Since changes in perks fashions occur slowly, I have compared this year's all types figures with those of five years previously. The proportion with share options or a share-buying scheme, taken together, has more than doubled to just over 47 per cent. Free medical insurance is up, and subsidised lunches are down, by nearly a quarter. Changes in cars and car allowances also roughly balance one another.

More executives are receiving bonuses, which now constitute a bigger proportion of the recipients' salaries. This year

the average bonus is £3,042, or 12.7 per cent of the £23,950 mean salary. The corresponding 1981 figures were £1,680, or 11.5 per cent of the average salary of £14,627.

**Continent**

FROM his base in Switzerland, headhunter Jo Jacobsthal is seeking a biophysicist, biochemist or something similar for research work with a pharmaceutical group on the Continent. As he may not name his client, he—like the other recruiters to be mentioned later—promises to abide

by any applicant's request not to be identified to the employer at this stage.

The recruit, who will probably work in either the Netherlands or Germany, must be skilled as well as thoroughly knowledgeable in the field of human diagnostics. Fluency in one or more major Continental languages would be a help.

Salary indicator, translated into sterling, is £50,000. What Mr Jacobsthal terms "amenities" will be negotiable. He also says that prospects of promotion are "excellent." Inquiries to him at Euro-pan Marketing Systems.

Beaumont 5, CH 1700 Fribourg, Switzerland; telephone (010 41) 37 243280; telex 942271.

**Cotswolds**

RECRUITER Bernard Babouline is offering about £30,000 plus bonus and car to a person demonstrably capable of becoming associate director—manufacturer of the Cotswolds-based branch of an American group with a £40m-plus turnover mainly in air-braking systems for heavy vehicles. Inquiries to ELS Consultants, 10 Richmond Ave, London SW20 8AL; tel 01-542 8878 or 540 5834.

**City**

NOW to the City of London. Dudley Edmunds of the Roger Parker Organisation (65 London Wall, EC2M 5TU; tel 01-588 2580) wants a good manager as well as ace in money markets including off-balance-sheet and the hike to head such operations for an international bank. Basic salary £70,000-plus.

John Williams of Russell Williams and Associates (45-45 St Mary's Rd, London W5 8RQ; tel 01-579 1022) seeks two treasury or foreign-exchange consultants with marketing skills to join a client's team of international corporate advisers. Basic salary up to £45,000.

**Private Clients**

**City £High**

Two major UK houses seek to expand their private client departments at senior executive/director level. Applicants should have at least five years' experience in managing discretionary and non-discretionary funds and the ability to bring in and service new business.

Both houses offer long term prospects and security as well as competitive salary packages.

Please contact Nick Root or Timothy R. Wilkes on 01-404 5751 or write to the Investment and Securities Division, Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strict confidentiality assured.



**Michael Page City**  
International Recruitment Consultants  
London Brussels New York Paris Sydney  
A member of Addison Consultancy Group PLC

**BADENOCH & CLARK**

**EUROBOND SALES—DOLLAR STRAIGHTS**  
£Negotiable

Our client, a leading investment bank, requires bond sales executives; with at least twelve months experience of selling dollar-denominated bonds to European institutions.

Applicants should be able to demonstrate a successful track record in this market, and, ideally, should be fluent in one or more European languages.

The remuneration package, which could include a car for appropriately qualified individuals, is certain to be highly attractive.

Please contact Stuart Clifford or Christopher Lawless.

**MARKETING EXECUTIVE**  
£20,000

On behalf of our client, a US bank with a strong global presence, we are inviting applications from corporate bankers of the highest calibre.

With two years credit analysis experience (US preferred) and an excellent training in marketing techniques, the successful applicant will now market a wide range of treasury/investment products to prestigious UK institutions. It is essential that candidates are graduates with a faultless academic record, aged 24-28, and are capable of representing this organisation at the highest level.

For a confidential discussion please contact Hilary Douglas.

Financial Recruitment Specialists  
16-18 New Bridge St, London EC4V 6AU  
Telephone 01-583 0073

**BADENOCH & CLARK**

**CORPORATE FINANCE**

We are currently looking for qualified accountants and lawyers with excellent academic credentials and experience of domestic corporate finance transactions to develop their careers in that field.

Opportunities exist with high profile US and European investment banks, UK Merchant Banks and Stockbrokers at director, associate director, managerial and executive levels to join advisory teams in the areas of M&A, listings, issues, business development and client liaison.

**CAPITAL MARKETS**

We are actively recruiting on behalf of several Merchant, Investment and International Banks, who seek ambitious qualified Solicitors and Accountants with at least second class honours degrees and clean professional exam records, to join their continually expanding Capital Markets groups.

Applicants, aged 26-32, should ideally have some relevant post qualification experience. Successful candidates should be committed to a career move into banking and are likely to use their legal/accounting skills initially before progressing into front-line banking roles.

In both cases, salaries are highly competitive and attract a full range of banking benefits.

For further details, please contact Tina Clarke ACA, Judith Farmer or Robert Digby, (who can be reached outside office hours on 01-570 1896).

Financial Recruitment Specialists  
16-18 New Bridge St, London EC4V 6AU  
Telephone 01-583 0073

**C. Czarnikow Ltd.**

Cocoa/Coffee Department

We are seeking to recruit both a trader with some experience in physical soft commodities and an experienced futures broker to join an expanding department.

Please write to:

Mr M. R. Liddiard,  
C. Czarnikow Ltd,  
66 Mark Lane,  
London,  
EC3P 3EA

REDUKANT SALES Managers and Consultants contact Michael Green on 01-583 2444.

**Appointments Wanted**

URGENT  
BELGIAN INDUSTRIAL ENGINEER—MECHANICAL  
Age 37 — 10 years' experience.  
IS LOOKING FOR A JOB IN TROPICAL AFRICA  
Please write to:  
Louis, 158 Bd. Van Hecke,  
Box 21 — 1190 Brussels.

MANAGER BELGIAN change with client handling. Tel. 01-583 2444. London EC4P 4BY.

**Major Insurance Group/c.£30,000**

**Investment Research Manager**

Our Clients, a large and international Insurance Group, have recently set up an investment management operation in the City and now seek a Research Manager to complement their existing highly professional and skilful team of fund managers.

The company is looking for a person to combine research and analysis for the purposes of asset allocation, portfolio strategy, securities selection and performance measurement. Additionally, the job holder will play a major part in the evaluation and design of information systems, and will be responsible for keeping the organisation abreast of new developments in portfolio management and the securities and financial markets generally.

The ideal candidate is likely to have a MBA or its equivalent, with specialisation in securities analysis and portfolio management. He/she should have a strong background in mathematics and statistical analysis and be skilled in the application of computers to the investment management process.

The job offers good career prospects, a car, and an excellent benefits package.

Please reply in confidence quoting ref. 771 to Caroline Magnus at Overton, Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: (01) 248 0355.

**Overton Shirley & Barry**  
INTERNATIONAL RESEARCH AND SELECTION SERVICES

**International Capital Markets Manager**

J. Henry Schroder Wagg & Co. Limited, one of the leading UK Merchant Banks, is looking for a Manager in its Capital Markets Division to take responsibility for marketing new issue business in both the equity and debt sectors to European Companies and to work with the Product Director for International Equities.

Candidates, aged 28-30, should be graduates with 2-3 years' experience of the origination both of international equity and equity linked issue business in Europe and of fixed income and swap driven issues.

A fully competitive salary is offered together with an attractive range of benefits including mortgage subsidy, company car and a generous non-contributory pension scheme. Career prospects within the Schroder Group are excellent.

Applications in writing, with full curriculum vitae and photograph should be sent to: The Personnel Manager, J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London, EC2V 6DS.

**Schroders**

**Business Systems**

**International Investment Bank**

£40-50,000 + substantial benefits

Part of a major banking group, our client is a highly respected investment bank. A substantial force in the finance sector, the investment bank is expanding rapidly throughout its operations, both in the UK and internationally.

The bank now wishes to strengthen its technology team through the recruitment of several Business Systems Managers. Each responsible for a significant trading area, the Managers will plan, implement and control systems in this dynamic environment. Supported by

departments ranging from 10-50 staff, they will work closely with their respective business groups to ensure the determination and achievement of systems strategy. The positions require high levels of both commitment and ability.

In their early/mid 30s, applicants should have a project management background gained in either banking or management consultancy.

Please write enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/500/WF.

**Lloyd Management**

125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

We are Market Makers in Fully Listed, USM and OTC equities and require

**EXPERIENCED LICENSED DEALERS**

to assist in our expansion.

If you are looking for a new challenge with tremendous opportunities write enclosing CV to:

Box A0304, Financial Times  
10 Cannon Street, London EC4P 4BY

**EXPERIENCED SECURITIES SALESMEN**

A European bank with a Eurobond operation in London is looking for experienced and highly motivated salesmen. Qualified candidates, male or female, should have a solid client base and a broad understanding of the Eurobond market. Experience with equities, convertibles and other instruments will be considered an asset. Compensation package will be negotiable according to experience.

Apply Box A0297, Financial Times, 10 Cannon Street London EC4P 4BY

**The Following**

**Accountancy Appointments**

will be appearing TOMORROW:-

- ACCOUNTANT
- FINANCE DIRECTOR
- FINANCE MANAGER
- HEAD OF MANAGEMENT ACCOUNTANTS
- HEAD OF INTERNAL AUDIT
- GROUP FINANCIAL CONTROLLER
- FINANCIAL CONTROLLER
- FINANCIAL AND BUSINESS ANALYST
- HEAD OF ACCOUNTING
- Opportunities in finance, Jeddah

... and many more.

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER  
MARKET - ECONOMY - NEWS

## CHAIRMAN/CHIEF EXECUTIVE

South West Water Authority  
c. £39,000 p.a.

The Secretary of State for the Environment proposes to appoint a Chairman/Chief Executive for the South West Water Authority, which is responsible for water supply, sewerage, sewage disposal, water conservation and recreation, river management, land drainage and fisheries within Devon, Cornwall and the western areas of Somerset and Dorset. The present Chairman's term of appointment expires in September 1987.

With Headquarters in Exeter in Devon, the Chairman/Chief Executive will have responsibility for the provision of services by the Authority, and the efficient management of an organization with a turnover in excess of £80 million. The successful candidate will be required to provide strong leadership for a staff of 2000, will play a major role in developing the strategy for future investment, and must display the flexibility to manage any eventual change in the constitution of the Authority.

Candidates aged around 45-55 will have a track record of efficient management and administration, for example as Board level in industry. The successful candidate will be someone of stature, politically sensitive and with good communications skills, coupled with enthusiasm and drive.

The appointment will be initially for five years duration; the salary is pensionable and a car is provided. Replies, which will be treated in strictest confidence, should be sent to the address below and be received by 3 November 1986.

St. James's Corporate Consulting,  
Box FT/981, St. James's House,  
4/7 Red Lion Court, Fleet Street, London EC4A 3EB.

## Private Client Investment and Banking to £50,000+ Benefits

Our client is a very profitable Commercial Bank based in the City. Its main business has historically been in lending, trade financing, and treasury with a heavy bias towards the Middle East.

Following the decision to launch and develop a private client investment management and banking business, we have been retained to recruit the Manager to be responsible for the project.

It will involve the provision of investment advisory, financial and taxation planning, and banking and treasury services to high net worth individuals around the world, but particularly from the Middle East.

You are likely to be in your 30's or early 40's, possibly professionally qualified, experienced in giving private client investment and financial advice, able to work and negotiate with other members of the investment community and preferably familiar with the Middle Eastern market.

Please send a detailed C.V., including contact telephone numbers, in strict confidence to Peter Wilson, FCA at

Management Appointments Limited  
(Search and Selection Consultants),  
Finland House, 56 Haymarket,  
London SW1Y 4RN.  
Tel: (01) 930 6314.

**MAL**  
Management Appointments Limited

## PORTMAN BANKING

### MARKETING OFFICERS

£20,000

If you have at least 18 months' experience of marketing to large corporate clients then this "Blue Chip" Merchant Bank can offer you an excellent opportunity to enhance your career path. They need additional marketing officers to strengthen their successful team and assist with the maintenance of their existing portfolios whilst concentrating on the development of new business. The emphasis will be upon the development and marketing of special financial packages. Candidates should be graduates aged between 25 and 30 with previous experience of credit analysis.

For further details call Mike Blundell Jones

Portman Recruitment Services Limited

Tel: 01-236 1113

### APPOINTMENTS ADVERTISING

Rate £41 per Single Column Centimetre

## Marketing to £25,000

We are currently assisting a number of UK and International banks with the recruitment of marketing officers for a variety of sectors.

Ideally you will be in your mid to late 20's with approximately 2 years' marketing experience within a similar institution, and will also have a broad product knowledge. Fluency in a European language would be a distinct advantage.

If you have a proven track record in your current position and are keen to use your skills in a challenging new environment, please contact Julia Cartwright or Fiona Collins on 01-404 5751 or write to them in strictest confidence at Michael Page City, 39-41 Parker Street, London WC2B 5LH.



**Michael Page City**

International Recruitment Consultants - London Brussels New York Paris Sydney  
A member of Addison Consultancy Group PLC

## Ambitious Bankers What's going on at TSB?

A great deal. Our growth and success are going on at an increasing pace, as you're no doubt aware.

And our major investments in advanced technology and talented banking personnel are helping to achieve the sophisticated and efficient customer service associated with TSB Scotland - one of the most progressive and forward-thinking banks in Britain.

For the next stages of our development we need ambitious bankers at two levels of experience to augment and meld with our existing management team. These are likely at present to be Assistant Branch Managers (aged 25-35) and Branch Managers (aged 30-45) who can look to career opportunities with us in Scotland.

You must be orientated towards marketing and business development and have a sound, practical knowledge of banking and lending procedures.

You should be able to demonstrate proven skills and management potential combined with a banking qualification, preferably AIB (Scotland).

Your rewards will be a generous salary, according to your ability and experience, plus banking sector benefits, including relocation expenses where appropriate, and excellent career prospects.

To apply please write with full career details to: Mr J H Chapman, Assistant General Manager (Personnel), TSB Scotland plc, PO Box 713, Orchard Brae House, 30 Queensferry Road, Edinburgh EH4 2UL.



## Apply your financial experience to customer support

As the financial sector experiences radical change and stock market deregulation approaches, TALISMAN - one of the biggest computerised systems in the UK and one of the most advanced installations of its kind in the world - is continually being enhanced and new services are being developed. The function of our Marketing and Liaison team is to establish and maintain a two-way channel of communication between Member Firms and the Settlement Services Division. This is achieved by understanding and defining the settlement needs of our members as well as informing and training all users in new and future settlement services.

### LIAISON ADVISERS

To succeed in this role, you'll need to be a highly persuasive communicator with directly relevant experience in the securities industry. You will also be able to absorb and disseminate technical information with authority and credibility. Some exposure to computer systems would be useful.

### TRAINING OFFICERS

Ideally a business or marketing graduate, you will be able to demonstrate first class presentation skills. Some financial experience and awareness of City practices is highly desirable, although we are willing to train a bright person who can pick up technical details quickly.

If you're flexible enough to thrive in a constantly changing and increasingly competitive environment, your reward will be an attractive salary of up to £14,000 according to experience, supported by generous financial sector benefits including a free season ticket. Promotion prospects are genuinely excellent.

Send your CV to Tony Knott, Personnel Manager, Settlement Services Division, The Stock Exchange, Old Broad Street, London EC2N 1HP.

**The Stock Exchange**

## Shepherd Little & Associates Ltd

Banking Recruitment Consultants

### SENIOR MANAGER - EUROPEAN MARKETING

Our Client an expanding international bank is committed to further developing its presence and business in Europe whilst ensuring it remains prominent with central authorities, major financial institutions, multinational corporations, and prime corporate names. The bank provides a full range of products with an emphasis on trade finance, corporate, export credit and deposit relationships whilst also offering capital market instruments. The Senior Manager will assume primary relationship responsibility for the bank's corporate and sovereign risks in Europe and ensure development and implementation of new business plans.

Corporate bankers with a highly successful record in marketing/business development over a number of years who are in the age range of 30/40 are sought for this senior appointment. Fluency in a European language would obviously be advantageous but is not essential.

In addition to full banking benefits a commensurate salary around £40,000 is envisaged although this could be negotiable for an exceptional candidate.

Please contact Paul Trumble

### MARKETING ACCOUNT OFFICER to £25,000

Our Client, a leading European bank is seeking to augment the U.K. corporate marketing team. You will be a graduate with previous experience gained from an international bank (preferably American bank credit trained) and able to demonstrate a successful track record. Additionally you will be aged 28/35, innovative and self motivated.

Please contact Brenda Shepherd

Ridgway House 41/42 King William Street London EC4R 9EN  
Telephone 01-626 1161

## US\$ STRAIGHT BOND TRADER

Become the Senior Trader with the Straights Team in this prominent International Securities House

You are now an experienced trader with in-depth knowledge in the US\$ straight bond sector and looking for an opportunity to be the senior member of your team.

Based in London you will be working with a Company which is part of one of the world's largest financial organisations. You will be reporting to the Executive Director in charge of Dealing. Your team will be making markets in Supranationals,

Japanese, Scandinavian and US corporate names and you will have at least 3-5 years' experience in one of these books. The opportunity for broadening your knowledge within this sector is outstanding as is the compensation package.

Candidates, aged 25-35 should write with CV to John Sears, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB, or telephone 01-629 3532.

**John Sears and Associates** A MEMBER OF THE SMAL GROUP

## Gilt Sales

U.S. Investment Bank  
£ Highly competitive

One of the primary market makers, with an already substantial presence in the Gilt-Edged market, requires an additional sales executive.

Candidates with a minimum of one year's experience in gilt sales and a proven track record will probably be aged 23-28. They will also be working for a major city institution, and have the drive and enthusiasm to succeed within an increasingly competitive market sector.

Those interested should write, enclosing a comprehensive curriculum vitae, to Andrew Stewart at 39-41 Parker Street, London WC2B 5LH, or call him on 01-404 5751, quoting reference no. 3689.



**Michael Page City**

International Recruitment Consultants  
London Brussels New York Paris Sydney  
A member of Addison Consultancy Group PLC

## Credit Insurance Account Servicing Executive

We are seeking an experienced credit insurance account executive for our City Office.

The position offers an outstanding career opportunity within the credit insurance broking industry for an individual who wishes to work for a company with the highest professional standards.

Your responsibilities will include the servicing of existing clients as well as assisting in the development of new business.

An attractive remuneration and benefits package will be offered to the successful candidate.

Please write in total confidence enclosing a CV. (or contact us for an application form).



Diane White, Personnel Officer,  
**C.E. Heath PLC.**  
Cuthbert Heath House,  
150 Milner, London EC3N 1NR  
Telephone: 01-488 2488

## Top Executives

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Can you afford to waste over £2,000 a month in delay? Minister Executive specialises in solving the career problems of top executives. The Minister programme, tailored to your individual needs and managed by two or more partners, is your most effective route to those better offers, 75% of which are never advertised.

Our clients have an impressive record of success; many blue chip companies retain our services in the redeployment of their top people.

Telephone, or write for a preliminary discussion without obligation—or cost.

**MINSTER EXECUTIVE LTD**

28 Bolton Street, London W1Y 8HB. Tel: 01-493 1309/1065

### Investment Management

#### Pension Fund Manager

Our client, a leading UK Merchant Bank, is seeking a Pension Fund Manager to help continue the expansion of its highly successful investment operations. The ideal candidate will be a US equity specialist with probably five years' experience of handling sizeable funds in that area. A knowledge of the North American fixed income market would also be a distinct advantage. It is likely that this person will be aged around thirty with an excellent academic record. This position has a great deal of potential and remuneration should not prove an obstacle.

#### Japanese Analysts

We act for one of the world's leading international banks which is keen to appoint several Japanese equity analysts to support the worldwide increase in its Japanese market activities. If you have two years' experience in the analysis of these stocks, preferably concentrating on a particular sector, we would like to hear from you. Based initially in the London office, you must be able to demonstrate drive and intelligence for which you will command an extremely attractive salary package.

For a confidential discussion of these positions, please contact Simon Harrison on 01-481 3188 (or 01-998 3328 evenings).

**CHARTERHOUSE APPOINTMENTS**

EUROPE HOUSE - WORLD TRADE CENTRE - LONDON EC2M 4JH

SYDNEY

## Jonathan Wren

LONDON

HONG KONG

### NO 1. EUROPEAN MERGERS AND ACQUISITIONS

£40,000 to £60,000

We seek a motivated and well connected banker/stockbroker who can display flair and enthusiasm in advising companies in the "marzipan layer" on all aspects of M & A work, covering UK and European opportunities. Some travel to France, Germany, Spain, etc. will be entailed, hence a second European language is preferred. The ability to seek new business, and advise multinational companies is essential.

### VENTURE CAPITAL (Start-Up)

£40,000 to £60,000

We seek a venture capital expert who can assume full responsibility for this new venture. Direct experience gained within a specialist venture capital company or a banks special fund is imperative.

The objective will be to provide development finance for the successful growing company, support start-ups and to take a long term view possibly from both a debt and equity basis.

For both the above positions additional to the attractive starting salaries, reward orientated bonuses plus full banking benefits will apply.

All applications will be treated in strict confidence.

Contact Brian Gooch, Director, Banking.

## Jonathan Wren

Recruitment Consultants

No. 1 New Street (off Bishopsgate), London EC2M 4TP.

Telephone: 01-623 1266

## Dealer - Stockbroking (Private Clients)

Age 32-42 up to £100,000

Our client, the securities arm of a major investment banking group, will shortly appoint a Director of their newly-formed dealing operation. He/she will head the dealing box of a newly constituted agency broker specialising in serving substantial private clients. His/her responsibilities will therefore include:

- ★ Supervising the activities of a team.
- ★ Dealing directly where there is an intricate and involved transaction.
- ★ Liaising on a close basis with an expanding private client department.

The successful candidate is likely to have at least ten years' experience within a London stockbroking firm or alternatively will have held a senior position with a stockbroker specialising in private client business. The role calls for strong leadership qualities and it will be essential that candidates have well-established contacts in the stockmarket.

The appointment offers an exciting future in a dynamic environment. A highly competitive salary will be negotiated which will include a number of investment banking fringe benefits.

Please apply to J. R. V. Coutts, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1BG, tel: 01-242 5775. Between 7.30 pm and 9.30 pm, Anthony Jones, 01-348 3641.

**Career plan**

Personnel Consultants

## Resource Decision Systems

Resource Decision Systems is a small, rapidly-growing firm of management consultants, specialising in the development of long-term strategies for clients, particularly in the natural resources and industrial sectors.

We are currently seeking several highly-motivated graduates to work as Associates with the firm. The ideal candidate will have proven numerical and analytical skills, an outstanding academic record and one or more years of post-graduation experience. Practical experience with computers and fluency in a major European language would be a distinct advantage.

Compensation for successful candidates will reflect the quality of the individuals and the demanding nature of the work.

Interested candidates should send their cv to:

Resource Decision Systems  
The Adelphi Building  
1-11 John Adam Street  
London WC2N 6BW

## DEALING

### NO 2 CORPORATE - DEALING TEAM

Experienced dealer for Management role  
£25-35,000 + Bonus

A large, highly motivated team is seeking a leading player of growth, including in spot and forward trading capacity and willing to take on a new financial instrument. The role is to build up a corporate team which provides strong service to "buy and sell" clients, and make them a customer dealer who would welcome an increase in responsibility to cover research and development of new, developing marketing strategies, and existing instruments. The successful candidate will be able to take the role of a team leader in a highly visible manner.

Contact: Kevin Byrne

### CORPORATE F/X SALES

Graduate Traders...  
1-2 years' experience  
to £25,000 + Bonus

If your career is not moving fast enough, but you have already built up a good business understanding in a corporate dealing role, this role will offer a fast track environment in one of the City's largest foreign exchange departments. The successful candidate will be an excellent performer related to the spot and forward market, with a proven track record in the spot and forward market. You will be able to manage a team of traders in a highly visible manner.

Contact: Kevin Byrne

### Young deposits traders for... MONEY MARKETS TRADING

to £30,000 + substantial bonus

Our client, a major force in Treasury, has a money market and short term securities arm and is seeking a graduate with a strong background in money market trading. The successful candidate will be a graduate with a strong background in money market trading, with a proven track record in the spot and forward market. You will be able to manage a team of traders in a highly visible manner.

Contact: Kevin Byrne

### SPOT F/X DEALER

£25-35,000 + bonus + car

There are immediate opportunities for ambitious young Spot F/X dealers in a major international bank. The successful candidate will be a graduate with a strong background in money market trading, with a proven track record in the spot and forward market. You will be able to manage a team of traders in a highly visible manner.

Contact: Anita Harris

Anderson, Squires Ltd., Bank Recruitment Specialists  
127 Cheapside, London EC2V 6BU

## INVESTMENT BANKING

### INTERNATIONAL CORPORATE FINANCE

Substantial salary + bonus

Our client is one of the largest international investment banks, an established force in the City of London. The successful candidate will be a graduate with a strong background in money market trading, with a proven track record in the spot and forward market. You will be able to manage a team of traders in a highly visible manner.

Contact: Jonathan Holmes

### CAPITAL MARKETS MARKETING

to £30,000

Our client is the investment banking arm of one of the world's leading financial institutions and a major player in the international Capital Markets. The successful candidate will be a graduate with a strong background in money market trading, with a proven track record in the spot and forward market. You will be able to manage a team of traders in a highly visible manner.

Contact: Anita Harris

### PORTFOLIO MANAGER

to £30,000

We are seeking a Fund Manager on behalf of a highly regarded British institution, to join an existing department. The successful candidate will be a graduate with a strong background in money market trading, with a proven track record in the spot and forward market. You will be able to manage a team of traders in a highly visible manner.

Contact: Felicity Hother

### ACA FOR SWAPS

c.£23,000

This position has a key part to play within a very high profile and responsible for creating and trading swap transactions, on behalf of a leading international bank. The successful candidate will be a graduate with a strong background in money market trading, with a proven track record in the spot and forward market. You will be able to manage a team of traders in a highly visible manner.

Contact: Felicity Hother

01-606 1706 Anderson, Squires

## Hoggett Bowers

### Equities Sales & Highly Neg.

In preparation for the "Big Bang", this leading City institution seeks an experienced sales person. Applicants will ideally be graduates with a track record of at least two years in equities sales joined within a reputable firm of stockbrokers. An excellent remuneration package will be offered.

### Documentation Negotiation c£40,000

A major US financial institution wishes to recruit an exceptional individual to join their Capital Markets team. The applicant will be involved in financial and commercial paper activities and must have sound experience of negotiating documents. This is an exciting and demanding role.

### Financial Controls Manager c£30,000

A qualified accountant with several years' experience in a Financial Accounting/audit department of a bank is sought by this top City group. Experience of new product development and foreign currency products is essential and some exposure to stockbroking is desirable. The objective of this new position is to reduce control issues and efficiency opportunities.

### Eurobond Sales (Yen) £20,000 Bonus

A major securities house is increasing its Yen Eurobond team. Candidates must have had at least six months' Yen sales or trading experience. Salary progression will be rapid for those who are successful.

### Investment Analyst (Bi-Lingual) & Neg

A well established international stockbroking firm has a vacancy for a bright graduate with up to three years' analyst experience, to work with their research team. Fluency in French or German is desirable. The successful candidate will be responsible for a number of different sectors.

### Project Finance Executive c£21,000

A major North American bank wishes to recruit a graduate with a degree in Finance or Economics, who has a strong project finance background, including experience of the energy sector. Candidates should be familiar with using micro computing packages and will be responsible for the day to day management of existing client's accounts.

01-588 4305/6 Moorgate Hall, 153/157 Moorgate, LONDON EC2M 6BX.

## BANKING EXECUTIVE

Within Hill Samuel & Co. Limited the commercial banking division continues to expand. We currently require two executives to join the group responsible for all domestic and international industrial lending.

The group is responsible for the day to day control and marketing of a wide variety of borrowing customers. The range of transactions handled is not limited to conventional credit provision and straddles a range of leading edge merchant banking products. The executives chosen will be keen to work as members of a team where a key ability is to maintain a high professional standard while working under pressure.

Both candidates will be in their 20's, one will be a graduate who has received a good credit training, the other an AIB probably from a clearing bank. These appointments are career opportunities with good promotion prospects in an expanding business. Please send full details in strictest confidence to:

Mrs. A.W. Dunford, Senior Personnel Officer,  
Hill Samuel & Co. Limited, 100 Wood Street,  
London EC2P 2AJ



HILL SAMUEL & CO LIMITED

## INTERNATIONAL CAPITAL MARKETS

The Capital markets subsidiary of a major international bank wishes to recruit two additional people. They should be career minded individuals, with the ability to assume management roles in the near future. They will join an active Corporate Finance team, to provide analytical support to bond sales/trading, corporate finance and the development of new businesses. The roles are as follows:-

**ECONOMIST/ANALYST**- will work with the corporate finance and economics groups to provide bond market and economic research to support and enhance the bond and note sales activities. Strong communication skills and the ability to work independently are essential qualities, together with a post-graduate economics degree.

**FINANCIAL ANALYST**- Ideally an ACA with City/Financial Institution exposure, and a knowledge of PC based analytical software. Utilising these skills, the person appointed will provide analysis of specific bond issues to identify trading/arbitrage opportunities. The analyst will also be involved in developing business plans for further business expansion.

Both roles will lead to new product development positions within the Corporate Finance group.

APPLICATIONS IN CONFIDENCE TO:-

Roger Parker Organisation  
65, London Wall  
London EC2 5TU  
01-588 2580

CAPITAL MARKETS, FX AND TREASURY RECRUITMENT SPECIALISTS

## Legal Adviser

Kuwait Petroleum Corporation, which comprises a group of companies owned by the State of Kuwait engaging in integrated petroleum activities worldwide, has a position available for a Legal Adviser at its corporate headquarters in Kuwait. A qualified candidate must be able to demonstrate the following:

1. In-depth knowledge of all aspects of contract and business law, with a minimum of ten years legal experience associated with the commercial, financial and industrial activities of large companies or commercial entities, together with a sound knowledge of company law and group secretariat practice.
2. Competent experience in various types of agreements, contracts, negotiations, and other legal work normally required by multinational integrated petroleum companies.
3. Full command of spoken and written Arabic and English.
4. Ability to draft contracts, agreements, reports and minutes in both languages.

A compensation package and related benefits will be offered commensurate with qualifications and experience.

Interested candidates are invited to write in confidence, giving full details of academic background, career history to date, personal data, address and telephone number to:

Peter J Sims  
Kuwait Petroleum International  
80 New Bond Street  
London W1Y 9DA

Closing date for applications  
7th November 1986.

**Kuwait Petroleum Corporation**



## IBCA

### Requires Bank Rating Analysts and Trainees

IBCA is the leading European bank rating company providing reports on over 300 banks in 20 countries to major financial institutions worldwide, including central banks, international companies, commercial and investment banks. IBCA now needs additional analysts to:-

- Interview senior officers of foreign banks and regulatory authorities.
- Prepare high quality credit analysis reports.
- Advise clients on banks' creditworthiness.

Linguistic ability is an advantage. Previous experience as a bank credit analyst is not necessary but, a financial background is desirable, e.g. CA, MBA or financial analyst. We also require trainees with a degree or, at least, a numerate background, who have the potential to become analysts. Salary commensurate with qualifications and experience will be offered to the successful applicants.

Please apply in writing enclosing CV to:

Box A6299, Financial Times  
10 Cannon Street, London EC4P 4BY

## Capital Markets Analyst

Reflecting the growth of new products and the increased complexity of the securities markets our clients, an international investment bank, are seeking a capital markets analyst. The successful candidate will have experience of using a wide range of analytical tools to evaluate Eurobonds, interest and currency swaps as well as other securities, and be able to demonstrate a sound understanding of market technicalities gained within a major banking organisation.

Additionally, candidates should be educated to at least 2nd degree level, be fluent in English plus at least 2 other European languages and will have gained experience in the financial markets of Europe and North America.

A competitive salary with generous benefits will be offered. Please send c.v. to: Jenny Clarke, PER, 4th Floor, Rex House, 4-12 Regent Street, London SW1Y 4PP.

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**CITY**

Age: 25-40 Salary: £15,000 plus

At the moment our Company Secretary is responsible for a whole range of Group functions from Treasury to telephones. Not surprisingly, in an expanding Group, he needs help, particularly on personnel admin, telecommunications and office services.

If you can demonstrate useful experience in these areas, particularly if you have or are studying ACIS, as well as the personality and ability to contribute to our Group, write in confidence to:  
Hamish Delves, Director,  
Houghton Sanderson Associates Limited,  
41 Eastcheap,  
London EC3M 1HX

Houghton Sanderson Associates Ltd

Management Consultants

**BADENOCH & CLARK**

**NEW YORK**  
**JAPANESE EQUITY**  
**SALES**

Our client is a major UK Stockbroker with a considerable international reputation. An outstanding opportunity has arisen for an ambitious young equity sales executive to join their highly successful New York office.

Interested applicants should have two years sales experience, ideally of Japanese securities, gained with a recognised name in the London market. In particular, applicants must be able to display the drive, enthusiasm and intelligence necessary to succeed in a challenging new environment.

It is envisaged that the remuneration package will be made very attractive to the successful candidate, including a high basic salary, bonuses, a housing allowance and other expatriate benefits.

To discuss this position further, in strictest confidence, please contact:  
**Christopher Lawless or Stuart Clifford.**

Financial Recruitment Specialists  
16-18 New Bridge St, London EC4V 6AU  
Telephone 01-583 0073

**Mortgage Manager**  
**Diverse UK Financial Services Operation**  
**London Area** c£25,000 + Car + Benefits

Our client, a subsidiary of one of the UK's largest banking institutions and an established name in the financial services sector is increasing its activities in the mortgage lending field.

A Mortgage Manager is sought capable of leading and developing the Credit Function of the Mortgage Division in the quality residential lending market. Reporting directly to Senior Management, duties will include heading the department responsible for the vetting, approval and administration of mortgage applications from respected intermediary sources; the authorisation of loan advances; liaison with the legal and survey professions and the management of related underwriting activities.

The successful candidate will have a proven track record in a mortgage lending environment with underwriting mandate experience and will have first class managerial, organisational and interpersonal skills.

This challenging and demanding role offers a highly competitive remuneration package and represents an excellent opportunity for rapid career progression within a forward thinking financial institution.

Interested applicants should contact Neil Nokes on 01-404 5751, or write to him, enclosing a comprehensive curriculum vitae, at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strict confidentiality is assured.



**Michael Page City**

International Recruitment Consultants - London Brussels New York Paris Sydney  
A member of Addison Consultancy Group PLC

**CJA**

**RECRUITMENT CONSULTANTS**

35 New Broad Street, London EC2M 1NH  
Tel: 01-588 3588 or 01-588 3576  
Telex No. 887374 Fax No. 01-256 8501

An important position - scope to become Managing Director of a new subsidiary - or a Director of the U.K. Group



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**WESTERN HOME COUNTIES**

**£24,000 - £32,000**

**RAPIDLY EXPANDING SUBSIDIARY OF MAJOR INTERNATIONAL FINANCE GROUP**

Applications are invited from candidates aged 28-38 who have acquired a minimum of 3 years' practical experience running a profit centre in the contract hire field in an organisation utilising modern control methods. The successful candidate will take responsibility for the development from early stages, of the contract hire business as a division within the company, which will involve the establishment of computerised administration systems, further product development and leading the market operation for a national network. The key qualities of commercial acumen and dedication, to develop and lead a successful new operation, are vital. Initial salary negotiable, £24,000-£32,000 + bonus + car, contributory pension, free life assurance, medical insurance, assistance with removal expenses, if necessary. Applications, in confidence, under reference MCH4445/FT to the Managing Director.

CAMPBELL-JONESTON ASSOCIATED MANAGEMENT RECRUITMENT CONSULTANTS LTD., 36 NEW BROAD STREET, LONDON EC2M 1NH.  
Telephone: 01-588 3588 or 01-588 3576. Telex: 887374. Fax: 01-256 8501.

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Degree qualified, aged 28-38, it is essential that successful candidates have at least 3 years' recent IT consultancy experience gained with a well known and respected management consultancy. It is also essential for these candidates to have a successful track record in all aspects of the EDP project life cycle.

A thorough knowledge of financial markets including banking, insurance and investments would be a definite advantage.

To the ambitious professional with potential, these positions offer a high degree of responsibility and involvement. They represent a rare challenge with the opportunity for individual reward and career progression based on ability.

The salary is negotiable to £35,000. The benefits package includes non-contributory pension; free family BUPA; free health insurance; free life assurance (4 x salary); up to 41 days holiday p.a.; and employee share purchase scheme.

To find out more please forward your CV to CMG Management Consultancy Limited, 29 Queen Anne's Gate, London SW1H 9BU. Alternatively call Mr F Robinson or Mr P Jivrajani on 01-222 7007 (24 hour answering service).



**CMG**

**Jonathan Wren**

SYDNEY LONDON HONG KONG

**INVESTMENT ANALYST - MARKETING**  
**£22,000 +**

The expanding London operation of a major international stockbroker offers an outstanding opportunity for an enterprising young graduate investment analyst.

The successful individual will have a sound knowledge of UK equities, be skilled in marketing investment ideas to overseas clients and will quickly become a key member of this organisation. Contact Ann A. Winder.

**INVESTMENT ADVISER -**  
**NEW OPPORTUNITY**  
**c£20,000**

Our client is expanding its personal customer investor base to build on its major stockbroking capacity and unrivalled contacts. We seek an additional account executive for their Watford office, who will have at least 3 years experience in the private clients department of a stockbroker, or as an investment adviser. Contact Mark Forrester.

**ASSISTANT UK PENSION**  
**FUND MANAGER**  
**£18,000 to £20,000**

The investment management subsidiary of a global banking group is seeking to recruit a young and ambitious junior UK fund manager with some dealing experience. It is expected that the successful applicant will quickly assume status as a full fund manager for a rapidly growing portfolio of corporate pension funds. A 'banking' benefits package is offered. Contact Roger Stare.

**Jonathan Wren**

Recruitment Consultants  
No. 1 New Street (off Bishopsgate), London EC2M 4TP.  
Telephone: 01-623 1266

**Management**  
**Consultants**

**Remuneration in the Financial Sector**

Hay works with over 600 clients in the U.K. - and many times that number in 26 other countries - in developing and implementing remuneration management processes which reinforce their business strategy. Our assignments span most areas of reward and performance management. They involve assisting clients to establish clear objectives, design effective organisations, motivate and retain competent staff, develop people's potential, and measure performance.

Our City-based practice is growing and we need additional colleagues who can offer in-depth knowledge of one or more of the major financial sectors. This may have been gained, for instance, in line management, personnel or consultancy. Remuneration management experience is desirable. Candidates will probably be in their 30's, have a good honours degree, plus, ideally, a professional qualification or second degree, and an ability to develop and sustain relationships at the most senior level.

The package we offer includes a high base salary, car, free BUPA and a substantial profit-share. It should attract those who can make a significant impact on our financial sector practice, and who have the capacity to grow with it.

Please write - in confidence - quoting ref. B.15983 (and giving a daytime telephone number if possible) to Colin Bexon, Hay Management Consultants Limited, 52 Grosvenor Gardens, London SW1W 0AU.

**HayGroup**

**International Banking**

**SPOT DEALER**

c £25,000 + Car  
Our client, within the "Top 100" International Banks, is expanding its FX activities to strengthen an already significant market presence, and require a dealer with a proven record, to trade a major currency.

**FINANCIAL FUTURES**

to £20,000  
U.K. Merchant Bank, in the process of diversifying its dealing operations requires a person, aged early to mid 20's, to contribute financial futures expertise to an established professional dealing room.

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A well respected International Bank of substantial standing worldwide, has instructed us to introduce a top calibre deposit dealer to run a major book in deposits and forwards, and develop trading in new instruments.

**SPOT DEALER**

c £20,000  
A major European Bank, requires a young person, with a good trading background in an active environment, to trade a major currency. Salary is highly negotiable according to experience.

**CUSTOMER DEALER**

c £15,000  
The expanding London Branch of a European Bank, within the world's "Top 120" offers an excellent opportunity to a person with at least one year's dealing experience and the ability to liaise effectively with corporate customers.

**EUROBOND DEALERS**

£ neg  
The developing Capital Markets arm of a major International Bank require two dealers, one at Manager level and the other with approximately one year's experience; to trade Euroyen. Salary is highly negotiable.

01 628 4504

**Gordon Brown**

**Asset**  
**Managers**

Henderson Administration Group is the largest independent investment management group in the UK and now manages over £5.0bn worldwide.

Henderson Financial Management is the subsidiary which offers discretionary investment management (and related services) for private individuals.

Along with the rest of the Group, H.F.M. has expanded rapidly in the last few years and the private portfolios managed now exceed £300m.

Resulting from this expansion we wish to recruit a number of additional Asset Managers.

Each Henderson client has a personal Asset Manager - one person who represents the company to a number of clients.

The Asset Manager's job is to study a client's financial affairs and objectives, agree an overall plan, liaise with the Investment Managers in implementing the plan and to review performance with the client through regular written reports and meetings.

Our existing Asset Managers have backgrounds in Accountancy, Law, Banking, Stockbroking and Insurance.

If you have had recent experience of personal investment planning and have the appropriate professional background, we should like to hear from you.

An attractive remuneration package will reflect the importance of these positions.

Applicants should write in strict confidence to D.J. Browne, enclosing a comprehensive CV and daytime telephone number.

**HENDERSON FINANCIAL MANAGEMENT LTD.**  
26 Finsbury Square, London EC2A 1DA.

**CAPITAL MARKETS PRODUCT**

**DEVELOPMENT EXECUTIVE**

c. £22,000

23-27

A leading City-based Merchant Bank seeks a numerate graduate with two to three years' training in Investment Banking. The position involves working with the Capital Markets teams, analysing and developing business proposals. A knowledge of IBM PC-based software would also be most useful. Contact John Lord on 01-977 8105 or David Jones on 0444 452209 or write to them at:

The City Resourcing Partnership  
266 Bishopsgate, London EC2M 4QX

**Hoggett Bowers**

Executive Search and Selection Consultants

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**Assistant Actuary To £30,000, Car**  
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**Graduate Trainees To £11,000**

**Plus Excellent Benefits Package**

Our client, part of one of the world's largest and most well established corporations within the insurance and financial services industry, offers positions in all major categories of long term or life insurance and continues to develop innovative products. Within the UK there are currently 800 employees in 30 offices and the Company has assets in excess of £800 million.

For the senior position you will probably be a recently qualified Actuary. You will have a sound knowledge of actuarial techniques which you will be expected to apply to a wide range of activities in Life and Pensions, both product maintenance and development. You will require to have effective communications skills to enable you to become a key member of the Company's management team and to contribute to decisions that are vital to the success of the organisation.

For posts at other levels you will have active involvement in many areas as you succeed in your examinations. These may well include product design and pricing, the formulation of strategies for market penetration and marketing support, the design and review of business plans, the provision of actuarial advice, valuations, management reporting and opportunities for staff management.

For the immediate positions, our client requires a minimum of passes of all Institute of Actuaries 'A' subjects or their equivalent. Graduate trainees may be direct from University or already be making progress in either the Institute or the Faculty of Actuaries examinations.

Male or female candidates should submit in confidence a comprehensive CV or telephone for a Personal History Form to M. Stein, Hoggett Bowers plc, 2/2 Hanover Street, LONDON, W1R 9WB, 01-734 6852, quoting Ref: 8021/FT.



# MANAGER

Computer Security and Audit  
c. £30,000, Executive Car,  
Substantial Benefits

Our client is a major, City based, financial services group whose history of substantial growth to a position of pre-eminence in the UK's Unit Trust Life and Pensions markets is testimony to the success, and consistent high performance, of its managed funds.

Reporting to the Financial Director, the appointee will have overall responsibility for safeguarding the Group's business interests against the consequences of loss, damage or malpractice, in their advanced, IBM mainframe, computer environment. Specifically this will involve the management of all computer security software, advising systems development staff on the incorporation of audit checks in systems design and validating computer systems and files through software based audit tools. Periodic audits of the Group's risk management and disaster recovery plans, maintenance of a high level of physical security and assuring the integrity of the Group's data network, are equally important dimensions of the role.

You should be a computer security professional with a broad background encompassing both physical and systems security. Technically competent, you should be conversant with computer security software, preferably RACF, and software audit tools. Ideally you should be familiar with a large scale IBM operating environment and possess on-line systems design experience with the emphasis upon audit controls. A background in the financial services sector is advantageous, but is in no way a pre-requisite.

In addition to the salary as indicated, the appointee will enjoy the immediate benefits of free medical insurance, subsidised mortgage and an excellent pension scheme. A number of valuable, deferred benefits, become due after appropriate service.

To apply, please send a CV, or write or telephone for an application form, to The Director, Executive Search and Selection Division at the address below, quoting Ref. GF1428.



BIS Applied Systems Limited,  
20 Upper Ground,  
London SE1 9PN,  
Tel: 01-633 0866.

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Thomas Cook, the travel company; Clydesdale and Northern, the Group's Scottish and Irish banks; International Banking dealing with clients worldwide; Corporate Banking serving major businesses; Group Management Services which provides a massive resource of IT and computing skills; and of course Midland the high-street bank - each looking to turn today's top graduates into tomorrow's top managers.

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choose from, career development possibilities are outstanding. Throughout our activities we look for the best talent, and opportunities are usually open to good honours graduates in any discipline, although for some specific roles we do look for an appropriate degree.

The Midland Group brochures, with details of all training and career opportunities, are available from your careers office, along with a special graduate video and information about our programme of university and polytechnic visits.

Alternatively, you can write for details to: The Manager, Midland Group Recruitment and Development Office, Buchanan House, 24-30 Holborn, London EC1N 2HY.



**Midland Group**

INTERNATIONAL BANKING • CORPORATE BANKING • COMPUTING • INVESTMENT BANKING • THOMAS COOK

## Financial Analyst

Our client, one of the country's leading breweries, is going through a period of exciting change, making the need for accurate and consistent financial information more important than ever.

Based at their head office in Reading, you will be involved in co-ordinating the company's financial approach, designing efficient new systems for their operating regions, and undertaking some analysis and ad hoc project work.

It is a challenging role for a recently qualified Accountant with strong microcomputer skills, ideally gained on IBM equipment.

You'll be expected to use your initiative, to present your ideas to regional and head office management,

and make those affected enthusiastic about the changes you're making. An out-going personality and good communication skills are essential, and a sense of humour will help you cope with the pressures involved.

Living with the Company's various locations you will soon get to know the Managers and gain a good understanding of how the company operates. Your achievements will be noticed, and they'll reward you well. You'll start on an excellent salary, that's open to negotiation, and receive a comprehensive package of company benefits.

For full details, please send your cv to: Mark Mahoney, Moxon Dolphin & Kerby Limited, 178-202 Great Portland Street, London W1N 6JL, quoting Ref: 4438.

**MOXON DOLPHIN & KERBY LTD** EXECUTIVE SEARCH & SELECTION

## Manager Gilt and Fixed Interest Operations Salary Negotiable

One of the prime UK investment/merchant banking groups seeks a Manager, Operations, to join the Gilt and Fixed Interest Department of its asset management company. Currently, all operations/administration are handled centrally and it will therefore be the successful applicant's job to establish this group as an independent unit. Initially, there will be a high computing content.

Candidates, preferably in their late 20's to mid 30's, should have extensive experience of valuations and settlements within a well known organisation, or have a sound background in computer-based securities. Strength of character and a good degree of self-motivation are required. Man-management skills are essential, as is the ability to deal with clients in a professional and competent manner.

Those interested in an excellent career opportunity with this successful major financial institution should contact Kate Syms on 01-404 5751, or write to her, enclosing a comprehensive CV at 39-41 Parker Street, London WC2B 5LH, quoting ref. 3686.



**Michael Page City**

International Recruitment Consultants - London Brussels New York Paris Sydney  
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## Stock Beech

### Key Research Opportunities

Our research and institutional team in Bristol specialise in West Country equities, media & advertising and selected engineering stocks. Already the largest stockbroking firm based in the South West, we are extending our activities, including market making in many of the companies we follow.

For the research team, we need an experienced analyst with the ability to research in depth, or alternatively a genuine flair for developing a rapport with fund managers, from a research base.

He or she will have particular responsibility for capital goods within our specialisations.

This is a challenging opportunity to play a major role in a lively research operation. Attractive salary and benefits package.

#### Contact:

Barrie Newton, Stock Beech & Co Ltd,  
Bristol & West Building, Bristol BS1 4DD.  
Tel 0272-20051

#### Research

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## Portfolio Manager City to £30,000 + Car

A United Kingdom investment subsidiary of a large overseas insurance company seeks an additional investment specialist to help manage global funds.

Working within a small team the role will demand a broad understanding of fixed interest instruments and equities from UK, Europe, Japan and N. America.

Excellent chance to join a progressive investment company where results are well rewarded.

Contact Nick Root or Timothy R. Wilkes on 01-404 5751, or write to them at the Investment Division, Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strict confidentiality assured.



**Michael Page City**

International Recruitment Consultants - London Brussels New York Paris Sydney  
A member of Addison Consultancy Group PLC

## Britannic Assurance

### Assistant Company Secretary and Pension Fund Administrator

Britannic Assurance PLC is seeking a Chartered Secretary as assistant secretary to the company and administrator for its pension fund.

This is a senior position at the company's head office in Birmingham. The successful applicant is expected to have had at least 5 years post qualification experience and to be fully competent in all aspects of company secretarial work and pension fund administration. Responsibilities will include all matters relating to company legislation and Stock Exchange and pension fund regulations. This position will provide a challenging career opportunity with an attractive remuneration package including a contributory pension scheme, concessional mortgage facilities and a car provision scheme.

Applications including a full CV should be sent to:

Mr. J.A. Jefferson, FCA  
Director and General Manager  
Britannic Assurance PLC  
Moor Green  
Moseley  
Birmingham B13 8QF

## FOREIGN EXCHANGE

c. £25k + Car + Profit-related bonus

Our client, a well respected, major U.S. organisation, is seeking to expand its dealing operation. Ideal candidates will be aged 25+ with several years' experience on a corporate desk. She/he will have had some risk exposure combined with EMS, charting, etc.

The freedom, flexibility, challenge and general quality of life offered by our client make this an exceptional opportunity for any individual to design, structure and manage their own operation. All enquiries will be treated in the strictest confidence.

For more information please ring our Consultant: Ingrid Jones on 01-278 4141 or Aircall 887 3939 ext. 3802 (24 hours a day)

We are an equal opportunity employer and this position is open to both males and females.

## INVESTMENT OFFICER

An international organization seeks an Investment Officer for its Headquarters in New York City to manage a portfolio of \$800 million held in 25 currencies. Applications are invited from individuals possessing a postgraduate degree in finance, economics, accounting or equivalent business experience, as well as at least five years work experience, of which a minimum of three years should be international banking, currency trading or money market operations. Applicant should have demonstrated ability to work in an international environment and with staff members of different nationalities.

Initial contract duration one year. Excellent benefits package. Salary commensurate with qualifications/experience. Application quoting references should be addressed to: P.O. Box 2124, Department 18Y, Grand Central Station, New York, NY 10163. We are an equal opportunity employer m/f/h/v.

## PORTMAN BANKING

Due to continued expansion this well-known European Bank has an excellent career opportunity for an ambitious Credit Analyst with two years Corporate experience. The successful candidate will be a graduate in his/her early to mid 20s who recently has undergone a full training programme and is now looking to progress. Working in their international team you will be responsible for the development of existing business together with research and marketing to potential clients.

For further details please contact: Carole Stevens  
Portman Recruitment Services Limited

Tel: 01-236 1113

## INTERNATIONAL CONSULTANCY BASED IN OXFORD SEES ECONOMIST

In applied economics on policy-oriented issues. Should have master's degree in economics or very good first degree and two years' working experience. Preference given to candidates with knowledge of one or more of the following areas: International Economics, Trade, Money, Banking, The Middle East, Asia-Pacific. Salary negotiable. Write with CV to the Managing Director, Oxford Analytica Daily Brief, 22, New Inn Hall Street, OX1 2DA.

## Leasing and Asset Finance Executive

c. £22,000 + Car + Benefits

We are a young, City-based finance company within the Svenska Handelsbanken Group, Stockholm, a substantial and respected European Banking Group. We specialise in UK Leasing, Hire Purchase, Block Discounting and Cross-border asset-based transactions.

We wish to recruit an executive with considerable leasing and asset finance experience to market our services and assist with the administration of the existing portfolio. Applicants, aged 25-35, should have experience obtaining and evaluating business and the accounting, administration and documentation procedures.

Please send your curriculum vitae, in confidence, to:

Andrew Bell, Director  
SVENSKA FINANS (UK) LIMITED  
38 Gresham Street, London EC2V 7LP  
Tel: 01-698 1667

# Back Office Management

City of London **£50,000 package**

This is an outstanding opportunity for a highly motivated, self-confident and effective manager, with Stock Exchange experience to join a remarkably successful stockbroker with an unusual mix of specialist and principal interests. Their computerised office processes a wide variety of UK and international Security transactions and is being actively developed.

You will be responsible for the financial back office functions—working in partnership with a small team in maintaining and developing the financial and liquidity controls appropriate to the rapidly moving business climate prevailing after the 'Big Bang'.

You must be prepared to work under pressure with initiative, flair and a dedication to excellent client service. The ability to communicate and delegate is paramount and computer literacy will be a great advantage.

Suitably experienced men and women should send adequate details and salary in *Absolute Confidence* with a daytime telephone number to Terry Fuller, quoting reference LM22, Spicer and Pegler Associates, Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP. Alternatively, he can be telephoned outside office hours on 01-693 3739.



**Spicer and Pegler Associates**  
Management Services

## Money Broking

A major international securities house requires a senior person for its Money Broking operation in London.

The individual will be known to and respected by both the money market and the securities houses. He/she will have first class money markets experience, good awareness of gilts and equity trading and will have demonstrated above average management ability.

The remuneration and benefits will reflect the vital importance of this unique opportunity.

Please apply in absolute confidence to:

Jonathan Baines  
Baines Gwinner, 1 Gracechurch Street  
London ECV 0DD

01-283 9801

SCOTTISH WIDOWS' FUND  
AND LIFE ASSURANCE  
SOCIETY

### INVESTMENT ANALYST

- Challenging job with a small, highly-professional team.
- Attractive remuneration package.
- Excellent career prospects.
- Considerable scope for personal responsibility.
- Edinburgh location.

The successful applicant is likely to be an Honours graduate or be professionally qualified and aged under 30, preferably with some experience of this type of analysis. Applications giving full details of qualifications and career to date, to:

The Staff Manager  
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If you are interested, please send details of yourself and your career history, including present salary and benefits to:

The Director of Research & Planning,  
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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday October 15 1986

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**Setback for Chase in third quarter**

By Our New York Correspondent  
**CHASE MANHATTAN** Corporation, parent of the third biggest US bank, yesterday reported an 8 per cent drop in third quarter net income to \$136m due to a sharp increase in loan loss provisions and a \$30m charge to cover cuts in the group's domestic and overseas office network.

The dip in Chase's profits came on a day when several of its rivals posted higher earnings. J.P. Morgan's third quarter net income rose by \$2.1m to \$211.5m, and Irving Bank Corporation, another small New York rival, increased its earnings by 12 per cent to \$32.6m.

On the west coast, Security Pacific reported an 18.9 per cent rise in its third quarter net income to \$69.9m, and First Chicago, which is recovering from a period of erratic earnings, posted a 25 per cent rise in third quarter net income to \$72.3m.

Yesterday's bank results reflected the larger regional banks outperforming the bigger money centre banks whose earnings continue to be hit by the need to make big loan loss provisions.

The decline in Chase's earnings came despite a \$60m after-tax gain on the sale of a data processing subsidiary, and reflects the group's efforts to strengthen its loan loss reserves. Although the group's provision for loan losses rose by \$60m in the latest quarter its net loan charge-offs of \$118m were only 64m higher than a year ago.

Chase has also used its latest third quarter to take a \$30m charge to cover "selective reductions in Chase's domestic and overseas office network." The group said yesterday that it had not yet announced the cuts and refused to say which units would be affected. However, a spokesman said that he thought up to 1,000 jobs out of a worldwide workforce of 47,000 might be affected. He refused to say whether the cuts would come through voluntary means or would include involuntary redundancies.

J.P. Morgan, parent of Morgan Guaranty Trust Company, said that its earnings per share in the third quarter fell by 2 cents to \$2.29 a share. The group said that the principal reason for the fall in earnings between the second and third quarters was a reduction of \$47.9m in net investment securities gains.

For the nine months, net income per share rose 25.7 per cent to \$7.43 a share. Morgan said its earnings reflected increases in non-interest operating income, higher net interest earnings and decreases in the provisions for possible credit losses. These factors were partly offset by increases in other non-interest operating expenses and taxes.

Mr. Cornelia Maier, chairman, said the aluminium operations, excluding oil and gas, had made a small profit in the quarter.

**Kaiser sharply reduces loss from aluminium**  
 By Our New York Staff

KAISER Aluminum & Chemical, the third biggest US aluminium producer, has sharply reduced its losses both for the third quarter and the first nine months of the year.

The group attributed the improvement to increased fabricated aluminium production and shipments, as well as continued reductions in operating costs in the aluminium division.

The third quarter loss was cut from \$21.1m or 50 cents a share to \$2.2m or 7 cents. The deficit at nine months fell to \$24.6m or 59 cents a share from \$78.7m or 193 cents a share in the quarter.

Sales for the quarter were \$592m, against \$538.4m a year ago, and for the nine months were also ahead at \$1.7bn, against \$1.5bn.

Mr. Cornelia Maier, chairman, said the aluminium operations, excluding oil and gas, had made a small profit in the quarter.

Operating profit in control systems also fell, but in aerospace and defence operating profit rose sharply.

At the nine-month stage the group earned \$24.7m or \$2.11 a share, against \$15.4m or \$1.33 a share last time. Sales for the quarter edged ahead to \$1.66bn from \$1.57bn, and for the nine months to \$4.9bn from \$4.6bn.

Total orders for the group were up in the quarter, with aerospace and defence doing well. Computer orders increased both in the US and international markets.

**Honeywell blames market for fall**  
 BY OUR NEW YORK STAFF

HONEYWELL, the third largest US mainframe computer manufacturer, has blamed the continuing weakness in the US computer and industrial markets for a sharp decline in third-quarter earnings.

The group, which last month announced it was seeking to combine its information systems business with NEC of Japan and Bull of France, earned \$32.4m or 74 cents a share for the quarter, compared with \$55.7m or \$1.24 for the same period last year.

The latest quarter includes \$4.4m or 14 cents a share in charges relating to the reduction of jobs in the group's computer and controls operations in Phoenix, announced in August.

Mr. Edson Spencer, chairman and chief executive, said the near-term outlook in US computer and control systems markets continued to be uncertain.

Operating profit for the information systems was down sharply in the quarter, he said. Operating profit from control products declined as a result of production delays in the company's semiconductor operations.

Apple Computer, the US personal computer manufacturer, more than doubled its earnings during 1986 as it sales, the company reports yesterday.

Net income for the fourth quarter rose 47 per cent to \$32.9m, or 51 cents a share, compared to \$22.4m or 36 cents a share for the same period a year ago. Fourth-quarter sales of \$510.8m were 35 per cent up from \$409.7m last year.

For the 1986 fiscal year ending September 26 net income increased

totaling nearly FFr 3bn between 1981 and 1983.

First half sales rose by 3.5 per cent to FFr 13.77bn but the group expects a substantial rise in billings during the second half largely as a result of its big Saudi Arabian defence contracts.

At the end of last June, total orders amounted to FFr 68.8bn, compared with FFr 76.5bn at the same time last year. The group's main defence equipment and defence electronic systems division continues to be buoyed by its strong order book as a result of a series of large international contracts, including the R1a programme for the US army.

Mr. Aubin confirmed that the company's electronics components and semiconductor businesses would continue to lose money this year. However, losses are expected to be less than the FFr 300m this division last year. Mr. Aubin said the company was still hoping to see this division become profitable next year.

Mr. Aubin also said that Thomson CSF's former loss-making medical division was expected to report a profit of about FFr 100m this year.

**Apple Computer doubles earnings**  
 BY LOUISE KEHOE IN SAN FRANCISCO

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For the 1986 fiscal year ending September 26 net income increased

**Thomson CSF results confirm recovery**  
 BY PAUL BETTS IN PARIS

THOMSON CSF, the main defence and professional electronics subsidiary of the nationalised French Thomson group, yesterday reported a strong surge in first half net consolidated earnings to FFr 1.2bn (\$185m) compared with FFr 336m in the first half of last year.

Mr. Christian Aubin, Thomson's financial director, said the company listed on the Paris bourse expects consolidated profits of at least FFr 2bn for the whole of this year compared with earnings of FFr 960m last year. The latest figures confirm the company's recovery after losses

**Coca-Cola unveils plan for \$1.5bn share sale**

BY WILLIAM HALL IN NEW YORK

COCA-COLA, the US soft drinks group, yesterday unveiled plans for what is likely to be the biggest initial public stock issue in US history and disclosed details of a \$1.5bn offering of a 51 per cent stake in its big domestic bottling operations.

Coca-Cola Enterprises, the largest bottler of Coca-Cola soft drinks products in the world, yesterday announced that it had filed a registration statement with the US Securities and Exchange Commission for an initial public offering of 71.4m common shares at an estimated price of between \$21 and \$24 per share.

The prospectus estimates that Coca-Cola will raise \$1.54bn from the sale, assuming an offering price of \$22.50 and assuming the US underwriters' over-allotment option is not exercised. The proceeds will be used to reduce the debt that Coca-Cola incurred during its recent \$2.6bn acquisition of JYL Bottlers and Beatrice Bottlers.

Coca-Cola announced last month that it was merging these two large independent bottling companies

with its own bottling operations and planned to spin off majority control of the newly formed Coca-Cola Enterprises to the public.

Coca-Cola Enterprises estimates that total US soft drinks sales by bottlers and fountain wholesalers were \$76bn, or 5.3bn equivalent cases. In 1985 Coca-Cola Enterprises sold the equivalent of 800m cases of soft drink products.

According to pro forma combined financial data contained in the prospectus, Coca-Cola Enterprises earned \$1.12m on sales of \$1.57bn in the first half of 1986. This compares with a loss of \$8.2m on sales of \$1.4bn in the same period of last year.

The pro forma balance sheet for the new group shows stockholders' equity of \$1.86bn, total assets of \$3.7bn and long-term debt of \$1.39bn.

Coca-Cola, which will retain a 49 per cent stake in the group, said that it believes a "stable, well financed bottler system with long-term growth objectives is in the

best interests of both the Coca-Cola Company and the bottlers of its soft drink products, whether or not the Coca-Cola Company has an ownership interest in any such bottlers."

Since 1979 Coca-Cola has assisted in the transfer of ownership or restructuring of a majority of its US bottling operations.

Of the 71.4m shares being offered, 60.68m shares are initially being offered in the US and Canada and 10.72m shares are initially being offered outside North America, not taking into account an over-allotment option of 5m shares. Upon completion of the offering, which is expected to take place next month, Coca-Cola will continue to own 68.8m shares.

The North American offering will be co-managed by Allen & Co, First Boston, Salomon Brothers and Shearson Lehman Brothers. The international offering will be managed by a group of underwriters including Credit Suisse First Boston, Allen & Co, Commerzbank, Hoare Govett and Nomura International.

**Time, International Thomson to buy SFN publishing units**

BY OUR NEW YORK STAFF

SFN, a publishing and communications group privatised in a \$423m buyout early last year, has agreed in principle to sell Scott, Foresman and Company to Time Inc for \$550m in cash and South-Western Publishing to International Thomson Organisation for approximately \$270m.

Scott, Foresman is one of the largest publishers of textbooks in the US, with most of its sales - estimated at \$200m this year - coming in the elementary and high school markets. South-Western Publishing is the leading supplier of business education materials, particularly in the accounting, typewriting, business law and mathematics fields.

SFN is owned by a group of investors consisting of venture banking affiliates of E. M. Warburg, Pincus & Company, Hallmark Cards and members of SFN management. The group said both proposed disposals, as well as plans to sell other SFN operating companies, were prompted by changes in US tax laws due to take effect on January 1. SFN is seeking to complete both sales before the close of this year.

Mr. Jack Purcell, chairman of SFN, said of the major restructuring:

"We deeply regret that a combination of recent circumstances has compelled the owners to relinquish their long-term commitment to this fine group of companies. The nature and level of the offers received, the quality of the buyers and the serious implications of recent tax law changes all led to the restructuring we have reluctantly announced."

After the proposed sales - but before the year end - it is intended that SFN will be completely liquidated and its assets, including any remaining operating companies, and liabilities will be transferred to a liquidating trust and/or partnership.

Time, the largest US publishing, magazine and cable television group, said it had been seeking for some time to expand its presence in educational publishing - the fastest growing and most profitable sector of the book industry. Scott, Foresman was a perfect fit with its other publishing interests, which include Time-Life books and Book of the Month Club.

Bernard Simon adds from Toronto: International Thomson Organisation, the publishing, travel and en-

ergy group controlled by the Toronto-based Thomson family, announced the acquisition of two Boston-based business publishing and research companies at the same time as it disclosed the agreement to buy South-Western Publishing from SFN.

The two Boston publishers are Technical Data Corporation, whose products include financial information and microcomputer software for institutional investors, and Business Research Corporation, a leading business data base designer. BRC produces Investor, an on-line data base containing the text of securities analysts' research reports.

IIO declined to disclose the purchase price for TDC and BRC, but the two companies are considerably smaller than South-Western Publishing.

The three acquisitions announced yesterday are in line with IIO's policy over the past five years of expanding its North American publishing interests to lower dependence on its volatile North Sea oil and gas business. The proposed purchase of South-Western for US\$270m is IIO's biggest publishing acquisition in the US.

**Honeywell blames market for fall**

BY OUR NEW YORK STAFF

HONEYWELL, the third largest US mainframe computer manufacturer, has blamed the continuing weakness in the US computer and industrial markets for a sharp decline in third-quarter earnings.

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**Mystery stake in Banco Central**

By David White in Madrid

A PRIVATE Kuwaiti group is believed to be behind the purchase of a stake of almost 5 per cent in Banco Central, one of Spain's two top commercial banks.

The Pta 14.4bn (\$110m) operation, made through a Swiss concern, GSM Securities Management, involves the largest single shareholding in Banco Central, whose shares are traded in London, Paris, Frankfurt and New York as well as on Spanish exchanges.

The shares were bought from Española de Inversiones, a portfolio company which is itself almost wholly owned by Banco Central. The investment is part of a plan to adapt this company to new legislation governing investment funds.

The bank, which chose to negotiate a block sale rather than offload the shares on the stock market, confirmed that more than 4 per cent of its equity capital had been sold to the Swiss group, but would not say on whose behalf the purchase was made.

Under the terms of the deal, the purchaser will not be able to claim a seat on the Banco Central board and cannot sell the shareholding for two years. If the shares are sold after that period, the bank has the right of first refusal.

The deal, negotiated over a period of several weeks and made through the Barcelona stock market, involves 3.7m shares priced at Pta 4,150 per share, or 830 per cent of the Pta 500 nominal value. This compares with a recent market price of around 870 per cent.

On the Madrid stock exchange yesterday, Banco Central's shares moved up 20 per points to 890 per cent of nominal.

The purchase is roughly equivalent to the total previous foreign shareholding in the bank, which has assets of around Pta 2,600bn, a network of over 2,000 branches, and important industrial holdings.

**Nordstjernan takes first steps towards flotation**

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

NORDSTJERNAN, Sweden's largest privately owned company which for nearly 100 years has been owned by the Johnson family, one of Sweden's most powerful industrial dynasties, has taken the first steps towards a stock market flotation.

The group, the 12th largest industrial concern in Sweden with annual sales of around SKr 18bn (\$2.6bn) and a workforce of some 20,000, has run into serious financial problems in recent years. It is undergoing a far-reaching restructuring, which has already involved the disposal of around 50 operating units with total sales of some SKr 4.4bn since the beginning of 1985.

The group is anxious to open up new sources for raising capital, but Mr Bo Arsson Johnson, executive chairman of the group, said yesterday that an introduction onto the exchange "may come into question only when Nordstjernan can meet the financial requirements of a listed company."

A meeting of the company's present owners - 94.8 per cent of the votes in the company are controlled by a family foundation - agreed yesterday to rule changes which open the way for a stock market introduction. As a first step to broad-

en the group's ownership Nordstjernan is issuing a SKr 125m convertible debenture loan to key senior executives and current board members and owners.

The debentures may be converted into shares after four years at the earliest. Mr Arsson Johnson said it had become "desirable to spread ownership in the long-term."

Mr Bertt Magnusson, chief executive, said that additional restructuring measures would have to be carried out before a stock exchange introduction could be made. "Our earnings and solidity have to improve," he said.

Nordstjernan is engaged in a number of industries which have become crisis sectors in recent years. Its main operations are in shipping (Johnson Line), construction (JCC), special steel (Avesta), retailing (NK) and engineering.

The group has suffered from poor profitability for more than a decade and in 1984 slumped to a major loss before tax and appropriations of SKr 487m. Last year it just managed to break even with a pre-tax profit of SKr 11m on a turnover of SKr 17.6bn.

By the end of last year the company's solidity (equity to debt ratio) had plunged to a dangerously low

12 per cent and its balance sheet will have to be strengthened considerably before a stock market launch can take effect.

Nordstjernan had previously sought to float Avesta, its special steels subsidiary, on the stock market in 1984. But that offer had to be withdrawn when the company had drastically to reduce the profit forecasts published in the offer prospectus.

In an interim report issued yesterday Avesta showed that it had staged a considerable recovery in the first eight months of 1986, achieving profits (after financial items) of SKr 122m compared with a loss of SKr 38m in the same period last year.

Sales dropped slightly to SKr 3.367bn from SKr 3.736bn a year earlier.

Avesta said that demand had been strong, in particular for cold-rolled sheet, and prices for raw materials were significantly lower than a year earlier.

The company said that profits for the full year were expected to exceed SKr 200m. Mr Gunnar Engman, Avesta chairman and group chief executive, said that profits should be around SKr 400m - SKr 500m within two to three years.

**Transatlantic reports SKr 18m shortfall for first eight months**

BY SARA WEBB IN STOCKHOLM

TRANSATLANTIC, the Swedish liner shipping group, reported a loss of SKr 18m (\$2.6m) after financial items for the first eight months against a profit of SKr 31m in the same period last year.

Group operating income fell 27 per cent to SKr 1,703m, against SKr 2,345m last year. Transatlantic blamed the falling dollar, pressure on prices and a decrease in volume - which stemmed from structural changes in liner traffic as well as from reduced business with South

Africa. Sweden no longer allows the import of South African agricultural produce.

Transatlantic has sold all its shares in Medro (which owned four roll on/roll off ships) and in two other vessels. But it will charter these vessels and so expects an increase in operating costs.

The group blamed increased competition for its lower profits in the Transocean business.

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**Credit Suisse**  
**Fuji International Finance Limited**  
**Mitsui Finance Asia Limited**  
**Banque Nationale de Paris**  
**Sumitomo Finance International**

Tender Panel  
**Algemene Bank Nederland N.V.**  
**Banque Nationale de Paris p.l.c.**  
**Christiania Bank (UK) Limited**  
**Commonwealth Bank of Australia**  
**EBC Amro Bank Limited**  
**Fuji International Finance Limited**  
**Kyowa Finance (Hong Kong) Limited**  
**Morgan Stanley International**  
**Saudi International Bank**  
**Al-Bank Al-Saudi Al-Ahram Limited**  
**The Sumitomo Trust Finance (H.K.) Limited**  
**S.G. Warburg & Co. Ltd.**

**Westpac Banking Corporation**  
**Westpac Banking Corporation**  
**Christiania Bank og Kreditkasse**  
**First Interstate Capital Markets Limited**  
**Kyowa Finance (Hong Kong) Limited**  
**Tokai International Limited**  
**Hambros Bank Limited**  
**The Sumitomo Trust Finance (H.K.) Limited**  
**Bank of America International Ltd.**  
**B.S.F.E. - Banque de la Société Financière Européenne**  
**Citicorp Investment Bank Limited**  
**Credit Suisse First Boston Limited**  
**First Interstate Capital Markets Limited**  
**Hambros Bank Limited**  
**Mitsui Finance Asia Limited**  
**Samuel Montagu & Co. Limited**  
**Sumitomo Finance International**  
**Tokai International Limited**  
**Westpac Banking Corporation**

Agent Bank  
**Westpac Banking Corporation**

September 1986



# Coutts & Co

Coutts & Co. announce that their Base Rate is increased from 10.00% to 11.00% per annum with effect from the 15th October, 1986 until further notice.

All facilities (including regulated consumer credit agreements) with a rate linked to Coutts Base Rate will be varied accordingly.

The Deposit Rates on monies subject to seven days' notice of withdrawal are as follows:-

7.00% per annum Gross\*  
5.00% per annum Net (the Gross Equivalent of which is 7.04% per annum to a basic rate taxpayer).

Rates are subject to variation and interest is paid half-yearly in June and December.

\*Not ordinarily available to individuals who are U.K. residents  
440 Strand, London, WC2R 0QS



# National Westminster Bank PLC

NatWest announces that with effect from Wednesday, 15th October, 1986, its Base Rate is increased from 10.00% to 11.00% per annum.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to NatWest Base Rate will be varied accordingly.

41 Lothbury London EC2P 2BP



With effect from the close of business on Tuesday 14th October 1986 and until further notice, TSB Base Rate is increased from 10% p.a. to 11% p.a.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to TSB Base Rate will be varied accordingly.

TSB Group plc  
25 Milk Street, London EC2V 8LL

# Hill Samuel Base Rate

With effect from the close of business on 15th October, 1986, Hill Samuel's Base Rate for lending will be increased from 10% to 11% per annum

## DEMAND DEPOSIT ACCOUNTS

Depositors not liable to deduction for basic rate tax  
6.69% per annum gross  
Depositors liable to deduction for basic rate tax  
5% per annum net  
7.04% per annum gross equivalent  
Interest to be paid quarterly and rates are subject to variation



Hill Samuel & Co. Limited  
100 Wood Street, London EC2P 2AL  
Telephone: 01-628 801L

## Contracts & Tenders

### INVITATION FOR APPLICATIONS

The Council of Europe is inviting applications for a restricted invitation to tender for a COMPETITION TO DESIGN AND INSTALL NEW LIGHTING IN THE CHAMBER OF THE PALAIS DE L'EUROPE IN STRASBOURG

The purpose of the invitation is to tender for the replacement of the existing lighting by new, modern and aesthetic lighting which is easy to maintain and provides optimum conditions for colour television filming.

Applications should be sent by registered post to the following address before 20th October 1986: Council of Europe, Technical Services Division, Palais de l'Europe, avenue de l'Europe, BP 43180, F-67083 Strasbourg Cedex.

The consultation documents will be sent out (in French only) by 30th October 1986 at the latest. Firms must submit the following evidence of their financial and economic status with their applications:

- Full business name, business address and telephone number
- The address of their factory or workshop
- The date when the firm was founded or, in the case of a public limited liability company, the date of its registration
- The name and address of its bank
- Details of the nominal capital and the paid-up capital in the case of a public limited liability company
- The total number of administrative staff and factory staff
- Attested membership of social security funds and the proof of contributions
- Experience
- References for similar work

## Company Notices

### FIDELITY WORLD FUND

Société d'Investissement à Capital Variable  
Luxembourg, 37, rue Notre-Dame  
L.C. Luxembourg 3 9497

#### Dividend Notice

A dividend of US\$0.15 per share will be paid on or after October 20, 1986, to shareholders of record on September 30, 1986, against surrender of coupon n° 11.

By order of the Board of Directors

Paying Agent:  
Comptoir S.A. Luxembourg  
43, boulevard Royal, L-2955 Luxembourg

### SOCIETE NATIONALE L'EMPRUNT OBLIGATAIRE

FrF 150,000,000  
21% 1978-1988

Use Assemblée Générale des Obligataires de l'Emprunt Châssé Rubrique, Convoquée pour le 19 Septembre 1986 aux Bureaux de la Banque Nationale de Paris (Luxembourg) SA, 24 Bis Royal, Luxembourg Avec l'ordre du Jour Ci-Après.

#### ORDRE DU JOUR

1. Suppression dans les conditions de l'Emprunt de la section b) 2 de la section dénommée "renouvellement et rachat".  
Le renouvellement sélectif pour tout ou partie de obligations non amorties dans le cadre de la SNEA, sera autorisé à la date de remboursement de ces obligations. Les obligations non amorties, qui sont émises par la SNEA, seront remboursées par la SNEA, en totalité ou en partie, à la date de remboursement de ces obligations.

2. Divers.  
Ayant émis à un proche verbal de séance, le quorum n'ayant pas été atteint, la réunion extraordinaire convoquée pour le 19 septembre 1986, est ajournée à la date de 14 heures, le 24 Octobre 1986 à 14 heures, avec la même ordre du jour.

La Représentation Fiduciaire des Obligataires BANQUE NATIONALE DE PARIS (Luxembourg) SA

### INTERNATIONAL DEPOSITARY TRUST COMPANY

A cash dividend of \$0.125 per share will be payable on or after October 20, 1986, to shareholders of record on September 30, 1986, against presentation of coupon No. 11.

By order of the Board of Directors

## Shoots & Fishing

### STRUTT & PARKER

## PHEASANT SHOOTING IN HOME COUNTIES

We have a few days for parties of 7/8 guns still to let in November and December 1986. Days available are for 150/250 Pheasants at prices ranging from £11 to £12.50 per bird on expected bag.

Please apply: JHH/1 5/3 for further details Tel: 01-629 7222

## INTL. COMPANIES and FINANCE

# Coopers and Lybrand sued over bank losses

BY DAVID DODWELL IN HONG KONG AND HUGO DIXON IN LONDON

OVERSEAS TRUST BANK, which has been under Hong Kong Government control since it collapsed in June last year, is suing Coopers and Lybrand, the bank's former auditor, for damages amounting to HK\$30m (\$3.8m) in connection with bank losses in the financial year ended June 1985.

In written issued last Friday naming Coopers and Lybrand (Hong Kong) and three UK-based partners in the accounting firm, the Overseas Trust Bank (OTB) alleges that Coopers and Lybrand were responsible for negligence that resulted in a "substantial proportion" of bank losses in that year.

Mr Charles Gough, Coopers and Lybrand's senior partner in the UK and one of the three people named in the writ, said yesterday: "It is a Hong Kong matter and has nothing to do with the UK. The action will be vigorously resisted."

He refused to comment on why he had been named in the writ, or whether he would be

travelling to Hong Kong to defend himself and on whether he felt there was any liability on the firm's part. The other two people named in the writ, Mr Sydney Corson and Mr David Hobson, have recently retired from Coopers and Lybrand.

Since the Hong Kong Government's rescue of OTB, more than 100 writs have been issued against parties alleged to have been involved in the collapse. More than 25 companies have been wound up by the bank in its efforts to recoup losses, while the bank's staff has been cut by more than 30 per cent to 850.

Coopers and Lybrand has been replaced by Peat, Marwick, Mitchell as OTB's auditor. The collapse of OTB was due, according to Sir John Brembridge, then Hong Kong's Financial Secretary, to "what appears to be a series of totally disgraceful criminal acts." Since then, Mr Patrick Chang, a former director, and Mr Chung Chui-tai, the bank's former chief managing director, have been found guilty of conspiring to defraud the bank. Mr Chang

was sentenced in July to three years in jail. OTB's former chairman, Mr T. C. Huang, is currently fighting extradition from the US after being arrested in May on fraud and conspiracy charges. Two other former directors are yet to face charges.

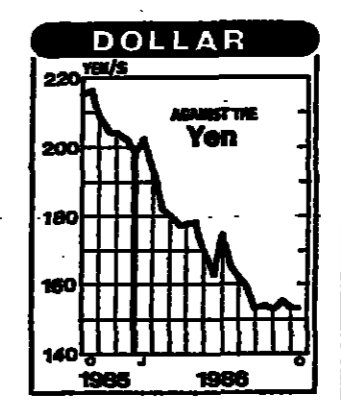
# Japanese company profits expected to fall 10-15%

BY GORDON CRAM IN TOKYO

CORPORATE PROFITS in Japan will show a decline of between 10 and 15 per cent in the current financial year, according to forecasts released recently by the country's big four securities houses.

The downturn now expected for the year which ends next March is steeper than the four houses had predicted. A first half is thought likely, however, to be followed by a slight recovery, and service industries remain a bright spot.

Export dependent manufacturers are expected to fare worse than the rest of the economy of the yen erode earnings from abroad. Makers in key sectors such as cars and electronics have adopted a variety



of measures to mitigate the effects of the stronger currency—ranging from dollar price mark-ups to shifting more production overseas—but results of this are unlikely to show before the year-end.

Most have also accepted lower profit margins outside Japan in an attempt to maintain market share. Nomura Research Institute, the research arm of the largest Japanese broker, said this "constituted the largest cause of their profit declines."

For Japanese industry as a whole, the securities houses forecast an average fall in pre-tax profits of at least 10.5 per cent (Nomura) and up to 14.5 per cent (Daiwa Securities). Nikko and Yamachi, the other

# 'Three blessings' boost Korean earnings

BY JIM JONES IN JOHANNESBURG

COMBINED EARNINGS of 24 state-run South Korean companies during the first half of this year were 335.2bn won (about \$57m), up 25.8 per cent from the year-earlier period, while sales were 4.56 trillion (million-million) won, up 15.4 per cent, according to the country's Economic Planning Board, AP-DJ reports from Seoul.

Earnings and sales during the first half of last year were 268.6bn won and 3.96 trillion won, respectively. A board official said South

the largest sales and earnings among the 24 companies, with 1.71 trillion won in sales, a 7.2 per cent increase from a year earlier, and 162.2bn won in earnings, a 30.9 per cent increase from a year earlier.

The Korea Telecommunications Authority had second highest earnings, with 88.2bn won, a 14.3 per cent increase from a year earlier, followed by the Korea Development Bank which turned its deficit from the first half of 1985 into a profit of 14.9bn won this year.

# Bahrain move to set up stock exchange

BY JIM JONES IN JOHANNESBURG

BAHRAIN'S CABINET is expected to give the go-ahead by the end of December for the Gulf state's first full stock exchange in an effort to enhance its status as a major regional financial centre, Reuters reports from Bahrain.

Mr Fawzi Behdad, stock exchange adviser at the Commerce and Agriculture Ministry, said a trading floor for the exchange would be opened soon after new legislation had been enacted. "We are waiting for the decision of the Ministerial Legal Committee ...

# Two S. African mines cut gold recovery grades

BY JIM JONES IN JOHANNESBURG

HIGHER RAND gold prices prompted Consolidated Modderfontein and South Roopepoort to reduce gold recovery grades sharply during the quarter ended September. Ore reserves at the two veteran mines, which were reconstituted in recent years by junior mining group to reduce gold recovery grades, are particularly susceptible to gold price movements.

Consolidated Modderfontein cut its gold recovery grade to 4.01 grammes per ton (g/t) in the quarter from the June quarter's 5.27 g/t as the rand gold price increased to R 30,947 per kilogramme from R 25,039. The quarter's revenue from gold dropped to R 19.1m (\$8.5m) from R 20.1m. Capital expenditure absorbed R 4.8m of the quarter's R 10m after-tax profit.

South Roopepoort's recovery grade dropped to 3.72 g/t from 4.14 g/t, while the average gold price received rose to R 30,100 from R 23,569 kg. Revenue from gold increased to R 9.4m from 8.2m.

# U.S. \$300,000,000



## Province de Québec

Floating Rate Notes Due 2001

Interest Rate 5 3/4% per annum  
Interest Period 15th October 1986 to 15th April 1987  
Interest Amount due 15th April 1987  
per U.S. \$ 10,000 Note U.S. \$ 290.69  
per U.S. \$250,000 Note U.S. \$7,267.36

Credit Suisse First Boston Limited  
Agent Bank

# LONDON AND ARAB INVESTMENTS LIMITED

Licensed Deposit Taker

Are pleased to announce an increase of Authorized Share Capital to £12 million, of which new and existing Shareholders have already subscribed £5.4 million (fully paid-up). In addition, the new and existing Shareholders have agreed to subscribe, by 24 November 1986, further Capital of £2.7 million which will make a total of £8.1 million (fully paid-up).

Among the new Shareholders are Société Bancaire Arabe, Paris, who have a 10% holding. The undermentioned have been appointed:-

- THE BOARD OF DIRECTORS**
- Mr. Rachid Zaehani Chairman and Managing Director (Formerly: Chairman of Arab Bankers Association, Group General Manager of European Arab Bank)
  - Mr. Mostafa Jassid Deputy Chairman and Director (Vice President and General Manager of Société Bancaire Arabe S.A., Paris)
  - Mr. Robert de Saurville Director (President of Société Bancaire Arabe, S.A., Paris)
  - Mr. Mohamed Kacache Director
  - Mr. Saad Mahas Director
  - Mr. Moustafic Ojjah Director
  - Dr. Kamel Ali Saleh Director
  - Mr. Edwin Roberts Director and Company Secretary

**SENIOR MANAGEMENT**

- Mr. Rachid Zaehani Managing Director
- Mr. Alfred J. J. Stevens Deputy General Manager
- Mr. Nigel R. Sutton Manager, Credit and Loans
- Mr. Desmond Hooley Manager, Foreign Exchange
- Mr. Ray Howell Administration Manager

30 Upper Grosvenor Street, London W1X 0AH  
Telephone: 01-493 5012 Telex: 24350

# ANGLIA

(Incorporated in England under the Building Societies Act of 1874)

£100,000,000  
Floating Rate Notes Due January 1986

Notice is hereby given that the Notes will bear interest at 11% per annum for the interest period 14 October, 1986 to 14 January, 1987.

Interest payable on the relevant interest payment date, 14 January, 1987 will amount to £138-63 per £5,000 Note and £6,931.51 per £250,000 Note.

Agent Bank:  
Morgan Guaranty Trust Company of New York  
London

# Wells Fargo & Company

U.S. \$100,000,000

Floating Rate Subordinated Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that for the interest period 15th October, 1986 to 15th January, 1987 the Notes will carry an Interest Rate of 6 1/4% per annum.

Interest payable on the relevant interest payment date 15th January, 1987 will amount to US\$156.33 per US\$10,000 Note and US\$782.64 per US\$50,000 Note.

Agent Bank:  
Morgan Guaranty Trust Company of New York  
London

# THE MORTGAGE BANK AND FINANCIAL ADMINISTRATION AGENCY OF THE KINGDOM OF DENMARK

\$50,000,000 Guaranteed Floating Rate Notes Due 1994 Series 91

Unconditionally guaranteed by THE KINGDOM OF DENMARK

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months interest period from 9th October 1986 to 9th January 1987 the Notes will carry an interest rate of 13 1/4% per annum. The relevant interest payment date will be 9th January 1987. The Corpus Amount per \$5,000 Note is \$1,000.00 and the total number of Notes is 50,000.

Hastings Bank Limited  
Agent Bank

# Wells Fargo & Company

U.S. \$200,000,000

Floating Rate Subordinated Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the interest period 15th October, 1986 to 17th November, 1986 the Notes will carry an Interest Rate of 6% per annum.

Interest payable on the relevant interest payment date 17th November, 1986 will amount to US\$55.00 per US\$10,000 Note and US\$275.00 per US\$50,000 Note.

Agent Bank:  
Morgan Guaranty Trust Company of New York  
London

# US\$200,000,000 Guaranteed Floating Rate Notes

Repayable to the Option of the Holder at par Commencing October 1982  
Citicorp Overseas Finance Corporation N.V.

(Incorporated with limited liability in the Netherlands Antilles)  
Unconditionally guaranteed by CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 5 1/4% and that the interest payable on the relevant interest payment date, January 15, 1987 against Coupon No. 27 in respect of US\$10,000 nominal of the Notes will be US\$146.94.

October 15, 1986 London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

# U.S.\$75,000,000

The Bank of New York Overseas Finance N.V.

(Incorporated with limited liability in the Netherlands Antilles)  
Guaranteed Floating Rate Subordinated Notes due January 1986

Unconditionally Guaranteed, on a Subordinated Basis, as to Payment of Principal and Interest by The Bank of New York Company, Inc. (Incorporated in New York, USA)

Notice is hereby given that the Rate of Interest has been fixed at 5 1/4% per annum and that the interest payable on the relevant interest payment date, January 15, 1987, against Coupon No. 12 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$151.74.

October 15, 1986, London  
By: Citibank, N.A. (CSSI Dept.), Reference Agent CITIBANK

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Tightly priced fixed-rate issue for Nordic bank

BY HAIG SIMONIAN

A TIGHTLY-PRICED fixed-rate issue for Nordic Investment Bank (NIB) was the main talking point on an otherwise quiet day in the Euro-markets that also saw three new floating-rate notes (FRNs) and a small Ecu issue. Trading was described as directionless.

A four basis point selling concession. The practitioner is Chase Manhattan led a \$300m floater for Banco Exterior Internacional, guaranteed by Banco Exterior de Spain, issued at par, the paper has a 15-year maturity and pays interest at six-month Libor. There is an investor put option at par after 10 years.

INTERNATIONAL BONDS

though the issue can also be called after five years. Management and underwriting fees combined total 20 basis points, likewise the selling concession. Banco Exterior, which is 60 per cent owned by the Spanish government, is the trade finance bank of Spain and has only issued one other FRN, about three years ago. The issue was said to be a shade tight at Libor for what is effectively a 10-year issue, and was said to be trading just outside its fees in late business.

North Carolina's First Union Bank, one of the fastest growing regional banks in the US, made its Euro market debut with a \$160m Euro led by Shearson Lehman Brothers. The 10-year paper, callable after five years, pays 1 per cent above three-month Libor and was issued at

par. Fees amount to 25 basis points for management and underwriting and there is a 25 basis point selling concession. The Ecu deal of the day came from Banque Internationale a Luxembourg (BIL), which led its own \$1 per cent Ecu 30m 10-year deal, priced at par. The paper, which counts as subordinated debt, has total fees of 24 per cent.

Investors in a BIL paper will be able to convert into equity. Each Ecu 1,000 bond carries three warrants allowing the holder to buy one BIL share at 227.1500. That represents a premium of 11 per cent over yesterday's closing price of LFr 16,500. That represents a 10 per cent discount to the December 1988 and November 1991. Namura Intergroup brought two yen issues redeemable in dollars. That for Bankers Trust New York Corporation, priced at 101 1/2 was for Y150m but redeemable in dollars at a fixed exchange rate of Y154 to the dollar. It carried a 7 per cent coupon, maturing in 1991. Total fees were 7 per cent.

Namur's other issue, also of Y150m, was for Hewlett Packard Finance Company with a 8 per cent coupon, maturing in 1991. Priced at 101 1/2, the total fees amounting to 4 1/2 per cent. The 10-year issue is redeemable in dollars at a fixed exchange rate of Y168.06 to the dollar.

Multi-tranche bond from Austria

BY PATRICK BLUM IN VIENNA

THE AUSTRIAN Government is launching a Sch 4.5bn (\$521m) multi-tranche bond today. Although it is a domestic issue, foreign investors can buy the bonds which are on offer until Friday.

giving a yield of 7.04 per cent, and the third tranche is for 15 years with a coupon of 7.25 per cent priced at 99.5 per cent giving a yield of 7.2 per cent.

country's hard currency policy. He said that the budget deficit, which is seen as a long-term threat to Austria's hard currency policy, will remain at 5.1 per cent of gross domestic product in 1987, roughly the same as is expected this year. Initially it was hoped that the deficit would remain under 5 per cent this year but lower revenues than expected from taxes have had a negative effect.

FT INTERNATIONAL BOND SERVICE

Listed are the 300 latest international bonds for which there is an adequate secondary market. Closing prices October 14

Table with columns for Country, Issue Name, Maturity, Coupon, Price, Yield, and Change. Includes entries for US Dollars, Swiss Francs, and various international bonds.

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Haig Simonian looks at London's financial futures exchange ahead of Big Bang Liffe offers its wares to new gilts market

THE SHOUTING in the trading pits of the London International Financial Futures Exchange (Liffe) has grown louder in the four years since it opened its doors on September 30, 1982. It will probably reach a crescendo in the run-up to London's Big Bang on October 27 as market makers, especially in gilts, turn increasingly to Liffe to hedge their exposures.

London's Big Bang on October 27 as market makers, especially in gilts, turn increasingly to Liffe to hedge their exposures. Loud voices on the trading floor mean contented faces in the executive suite at Liffe, where this year's steadily rising trading volumes are viewed with relief. With the exchange posting new trading records virtually every month, its bosses can afford to sit back a little.

ahead of the revolution in the cash market later this month. The anticipation of Big Bang was clearly seen on the Liffe market as long gilt futures recorded another single-day record on September 24, when 19,320 contracts were traded.

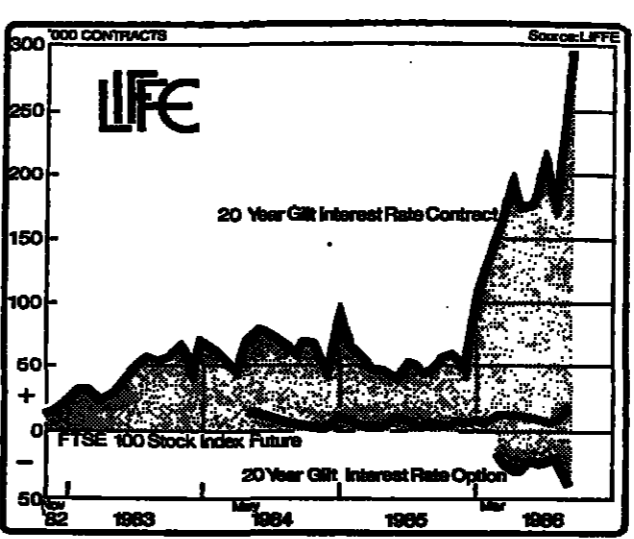
Yet Mr Brian Williamson, Liffe's chairman, insists that "The challenges are much bigger now than they were a year ago. We are on the verge of a new era of international deals." Mr Williamson reckons he spends about seven eighths of his time talking to the heads of other exchanges around the world as global markets grow closer.

growth of Footsie." Mr Jenkins admits. Unlike his counterparts in America, where stock index futures and options are among the hottest contracts on offer, British fund managers have not been falling over themselves to use Footsie.

Will the exchange be able to cope with the expected increase in demand? Liffe's daily record so far for all its futures and options is about 60,000 contracts. Mr Jenkins thinks that can comfortably rise to 75,000 to 80,000, and probably more if there are no hitches and people accept some possible small delays. In the slightly longer term, "we could envisage

more money to be made under the old fixed commission system selling clients individual lines of shares than from Footsie futures. Liffe officials hope that will all start to change after October 27. Single capacity will mean that stockbrokers will be taking much bigger risks than in the past. Although their exposures will be in individual lines of stock, "they may still feel the need to hedge general market risk rather than specific risk," says Mr Jenkins.

Liffe has embarked on an active marketing campaign to capture stockbrokers' business. Rather than waiting for them to pipe up, the exchange is arranging seminars and demonstrations in brokers' offices to show how its products can be used. Meanwhile, Liffe hopes that its new Footsie option will help to break the vicious circle of poor liquidity, which has itself made punters reluctant to trade Footsie futures. Trading futures and options side by side tends to encourage business as traders arbitrage between markets. But do Footsie options spell problems with the London Stock Exchange, which trades a Footsie option of its own? Ideally not, says Mr Jenkins, who thinks much of the talk about friction between the two exchanges has been exaggerated. Liffe's contract is larger and not really geared to the retail investor.



Tokyo may ease loan loss rules

BY OUR TOKYO STAFF

JAPAN'S Ministry of Finance is considering raising the tax allowance on loan loss provisions by banks with exposure to countries with debt problems. It is also considering new money under International Monetary Fund-sponsored rescue schemes.

Under examination is a plan that would allow provisions up to 5 per cent of a bank's loans to be tax free, whereas the present limit is 1 per cent.

Until now, leading banks have made provisions totaling 5 per cent of their loan exposure to the six debt countries. A provision at this level is automatically required if fresh money is lent to a country that has rescheduled its debt within the previous five years.

Among Japanese banks, the Industrial Bank of Japan, Long-Term Credit Bank, the top five commercial banks and two trust banks (Mitsubishi and Sanmei) are rated Triple A by Moody's.

Spain to cut foreign debt by \$7.6bn

SPAIN will reduce its foreign debt by at least \$7.6bn this year and seek no fresh funding in the international capital markets in the second half.

He said the foreign public and private sector debt, which stood at \$26.1bn at the end of August, would be cut at least \$2.6bn by year-end. Reuters reports from Madrid. "The reserves to debt ratio is at an historic high and there is no need for foreign financing," he said.

The only state firm to tap the Euro-markets in the second half of the year is the Red Nacional de Ferrocarriles Espanoles (Renfe) railway, which is negotiating a \$500m Euro commercial paper facility. Spain is expecting a \$5bn current account balance of payments surplus this year compared with \$2.5bn last year. The Kingdom's only foreign financing operation this year was a \$500m revolving Euro-note issue signed in June to repay a 1984 facility for the same amount.

Japanese share rally boosts Tokkin funds

BY YOKO SHIBATA IN TOKYO

INVESTMENTS routed through Tokkin funds, and the number of Tokkin accounts, have expanded rapidly on the strength of this year's strong rally on the Japanese stock market.

The growth in the number of Tokkin funds - investment trusts that enjoy freedom from capital gains tax and wider scope in choosing their portfolios than the trust banks - appears also to reflect the concern of several newly-formed investment management groups to establish a place in the market before the Ministry of Finance introduces its licensing system next month.

The new system follows the

enactment last May of a new law on investment advisers, aimed at protecting investors better and cutting down fraud. The MoF will start accepting applications for licences next month. Under the new law, there will be a two-tier structure consisting of authorised investment managers, who will be allowed to handle clients' portfolios on a discretionary basis, and investment advisers whose role will be a more limited one but who will need only to register with the MoF.

The MoF has given no details yet of the criteria it will apply in deciding which category it will assign to individual companies. In the interim, the majority of investment firms appear to have concluded that the size of their outstanding assets under management will be the crucial factor in their obtaining an authorised management licence.

The result has been no fewer than 80 new company formations and aggressive competition to win Tokkin deposits. There are believed to have been several cases in which parent companies, such as banks, securities houses and insurance companies, have shifted funds to newly-formed investment advisory

subsidaries in order to boost their totals of funds outstanding. The MoF has begun interviewing investment companies applying for licences in order to examine their performance in the shake-out of the stock market last month. Some Tokkin funds placed in trust accounts by cash-rich industrial companies and financial institutions are reported to have suffered heavy losses during the market's precipitous fall in mid-September, and the authorities are expected to put pressure on the candidates for the new licences to refrain from putting clients into speculative investments.

Advertisement for Chrysler Financial 8% Notes Due 1991. Includes text: 'This announcement is not an offering of the Notes which have been sold and appears as a matter of record only.' 'New Issue U.S. \$125,000,000'. 'CHRYSLER FINANCIAL'. '8% Notes Due 1991'. Lists various financial institutions: Prudential-Bache Securities International, Banque Paribas Capital Markets Limited, Merrill Lynch Capital Markets, Morgan Guaranty Ltd, Orion Royal Bank Limited, Salomon Brothers International Limited, ABC Union Bank of Norway, BankAmerica Capital Markets Group, Bankers Trust International Limited, Banque Bruxelles Lambert S.A., Chase Investment Bank, Chemical Bank International Group, CIBC Limited, Daiwa Europe Limited, Den norske Creditbank, Dominion Securities Pitfield Limited, Dredner Bank Aktiengesellschaft, Kidder, Peabody International Limited, Morgan Stanley International, Nippon Credit International Limited, Shearson Lehman Brothers International, Societe Generale, S. G. Warburg Securities. Date: October, 1986.

This announcement appears as a matter of record only.



## Heron Corporation PLC

**£50,000,000 and US \$75,000,000  
10 Year Unsecured Syndicated Loans**

### Sterling Loan Providers

<b>Bank of Scotland</b>	<b>Barclays Bank Group</b>
<b>Lloyds Bank Plc</b>	<b>Midland Bank plc</b>
<b>National Westminster Bank PLC</b>	<b>The Royal Bank of Scotland plc</b>
<b>Banco de Bilbao S.A.</b>	<b>Banco di Roma</b>

### Dollar Loan Providers

<b>Bank of America NT &amp; SA</b>	<b>Bank of Montreal</b>
<b>Barclays de Zoete Wedd Limited</b>	<b>Canadian Imperial Bank of Commerce</b>
<b>Credit Lyonnais, London Branch</b>	<b>Credit Suisse</b>
<b>Deutsche Bank Aktiengesellschaft London Branch</b>	<b>First National Bank of Boston</b>
<b>Manufacturers Hanover Trust Company</b>	<b>The Royal Bank of Canada</b>
<b>Swiss Bank Corporation</b>	<b>The Tokai Bank, Limited</b>

**Westpac Banking Corporation**

arranged and managed by



**BARCLAYS de ZOETE WEDD**

October 1986

## Deutsche Mark Bonds

From the leading German state-owned lending institution

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**High Degree of Liquidity**

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Finding a secure investment for you and your clients is never easy. KfW would like to suggest you take a look at its Deutsche Mark Bonds and Notes as an investment of prime quality and high liquidity.

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The Federal Republic of Germany owns 80% of KfW. 20% lie with the German Federal states. By virtue of a special law it enjoys the full backing of one of the world's leading industrial nations.

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KfW Bonds are officially listed on all German Stock Exchanges. Each issue is always large enough to ensure high liquidity in the secondary market. In this way they have a major role to play in pension and other investment funds seeking to spread their fixed-interest portfolios into other currencies.

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### More Information

To find out more about existing or new papers and how to trade and invest in them, ring KfW or write to P.O. Box 111141 D-6000 Frankfurt am Main 11 Federal Republic of Germany

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Reuters Monitor Page: AVJZ

## INTL. COMPANIES and FINANCE

### BANK SHARE SALE CAPTURES PORTUGUESE IMAGINATION

# Sleepy market wakes to a rush

BY DIANA SMITH IN LISBON

QUEUES formed overnight in Lisbon and Oporto. Hundreds of people camped out or slept in their cars, anxious to head the line for the first public issue of shares in the 18-month-old Banco Portugueso de Investimentos (BPI).

BPI, which started in 1961 as an investment company with 100 prominent private businessmen, decided to increase its capital this year by going public. The public rushed to the bank's Lisbon and Oporto offices for shares issued at Es 4,000 each that kept in a few days to Es 12,000 each.

The rush for BPI shares was the most recent and spectacular side-show on a scene that in the past two years has changed from a quiet, almost sleepy mini-capital with few stocks or bonds on offer, to an expanding, diversifying exchange.

There is now a larger supply of stocks and bonds. Businessmen are opting for company tax relief for enterprises that go public and

shareholders benefit from tax relief on dividends.

Shares available on the market are also diversifying because more sophisticated Portuguese capitalists have begun to understand that the old style of closed, paternalistic capital and management is not the best formula for a country now trying to compete within the EEC.

For years only 23 companies were listed on the Lisbon Stock Exchange. This year the number has grown to 30. On the unlisted securities exchange, 28 companies are now quoted.

The value of January-September share dealings in Lisbon has expanded compared with the same period of 1985. Last year in nine months, Es 401m (\$2.76m) of transactions took place. In the first nine months of 1986 this soared to Es 4.4m.

At the beginning of 1984 the stock market index stood at 101. A year later it had risen to 196, and at the

end of August this year it stood at 221.

New institutions and instruments have stimulated growth on the capital market. Medium-term bonds that were nowhere five years ago have snowballed. Both private and public sector enterprises are raising funds on a market where bond transactions grew from Es 5.78bn in January-September 1985 to Es 17bn this year.

Money is shifting from term deposits, the traditional haven of Portugal's savers, which with high interest rates overburdened the nationalised banking system, to the capital market.

Investment companies, which have been around for four years, and new unit trusts (mutual funds) are attracting clusters of clients in search of diversified income. The first unit trust to enter the market (in June), Fundo Invest, has increased the value of its portfolio five times in four months.

Meanwhile Banco Totta e Acores, having turned round from a bank in a shaky, undercapitalised state to a fourfold capital increase and drastically slashed unprofitable or irrelevant assets or activities, is the latest institution to seek a piece of the capital market action.

Banco Totta with insurance companies - Portugal's major institutional investors - and Glisbank, is setting up a hybrid between a mutual fund and portfolio management company. It is also waiting for the Finance Minister to authorise the issue of "participation bonds" - part medium-term bonds, part dividend-paying shares.

All this feverish activity comes about a decade after stock markets were shut in the wake of the 1974 coup and a period when investing or making money was considered decadent. Sophisticated operators in international capital markets now view Lisbon and Oporto's markets as interesting, if still modest, opportunities.

## Severe setback for United Technologies

BY DAVID BLACKWELL IN NEW YORK

UNITED Technologies, the US manufacturer of Pratt & Whitney aircraft engines and Sikorsky helicopters, suffered a severe setback in the third quarter, with net earnings falling to \$108.2m compared with \$147.5m from continuing operations last time.

Mr Robert Daniell, president and chief executive, attributed the setback to "operating difficulties at the controls group and the defence and space systems group."

At the per share level, earnings fell to 80 cents from \$1.08. A loss from discontinued operations of \$193.1m put the final net figure for the 1985 quarter at \$45.6m in the red.

Nine-month earnings were well down at \$300.7m, or \$2.17 a share, against earnings from continuing operations last time of \$470.5m or \$3.51 a share. A loss from discontin-

ued operations of \$323.7m left a final net profit of \$146.6m.

Sales for the quarter moved ahead to \$3.8bn from \$3.6bn, and for the nine months to \$11.3bn from \$10.5bn.

Mr Daniell said sales and profits in the aircraft engine sector were up significantly on the continued strength of the commercial spares business. Carrier, the group's air conditioning subsidiary, was ahead on increased volume for air conditioners in North America, coupled with cost-reduction efforts, he said.

Last month the group announced that Mr Daniell would replace Mr Harry Gray as chairman when Mr Gray retires at the end of the year. Mr Gray, who joined the diversified manufacturing group 15 years ago, engineered a string of acquisitions

North American quarterly results, Page 37

## Western warns of loss after big write-down

BY OUR NEW YORK STAFF

WESTERN Company of North America, a troubled oil services group based in Fort Worth, Texas, is to take a third-quarter write-down of between \$175m and \$200m on its cashless off-shore service equipment and offshore drilling rigs.

This will leave the company with a net loss in the quarter "substantially in excess" of this year's second-quarter deficit of \$78.5m. In the 1985 third quarter Western lost \$27m on sales of \$119.9m.

Mr H. K. Chiles, chairman and chief executive, said the company

had had to assess its ability to cover the carrying costs of its offshore and offshore operating equipment over their remaining useful lives because of continuing depressed markets.

"As a result, it was determined that a portion of such assets should be written down to levels considered realisable in future periods," he said.

The group is also continuing discussions with institutional lenders on restructuring its debt.

## Zehnder share offering

BY JOHN WICKS IN ZURICH

ZEHNDER Holding, the Swiss industrial concern, is to go partially public, offering 10,000 new bearer shares to the market for subscription over-the-market trading in Zurich and Geneva.

The parent company, hitherto in family hands, created the shares earlier this month to raise capital from Sfr 6m (\$6m) to Sfr 17m. The Sfr 500-denomination shares

are now being offered via a banking consortium headed by Credit Suisse at a unit price of Sfr 2,000, thus raising Sfr 20m of new funds.

The Zehnder group last year recorded turnover of Sfr 122.5m and group earnings of Sfr 3.8m. The holding company booked net profits of Sfr 3.6m for the year ended June 30 1986, and increased its dividend from 10 to 12 per cent.

## Mediobanca achieves 34% earnings gain

BY JOHN WYLES IN ROME

MEDIOBANCA, Italy's strongest and most influential merchant bank, will be reporting net profits 34 per cent higher at L172.8m (\$128m) to a shareholders' meeting later this month.

The 1985-86 annual report, for the year ending June 30, reveals that the bank has raised its reserves to cover credit risks from L58.2m to L70.97m.

Mediobanca, which is 57 per cent owned by IRI, the state holding company, has extensive holdings in Italian private companies.

The report reveals that during the past year the bank has reduced its holdings in Montedison, the

chemicals giant, from 12.73 per cent to 8.05 per cent and in Gemina, a Fiat controlled holding company, from 20.67 per cent to 13.57 per cent. Since June, holdings in Pirelli have fallen from 11.1 per cent to 7.57 per cent.

New holdings include 4.99 per cent in Italomobiliare and 3.39 per cent of Fiat's ordinary capital and 1.02 per cent of its preference shares.

The bank's underwriting activities were much more active during the year involving issues totalling L4,460bn compared with L4,800bn in the previous year.

## CCF drops bid to wind up Tung company

CRÉDIT Commercial de France (CCF), the French state-controlled bank, has agreed to abandon its efforts to liquidate Orient Overseas, the publicly quoted arm of C. H. Tung, the troubled Hong Kong shipping group. AP-DJ reports from Hong Kong.

In return for withdrawing its winding up petition, CCF and other unsecured creditors will see an improvement in the terms being offered to them under the proposed restructuring of the Tung group's US\$2.8bn debts. CCF, to which Tung owes about US\$10m, is a relatively minor creditor.

With the removal of the CCF petition, the modified version of the Tung group's restructuring will be ready for a final review within the next few weeks by its 150 creditors, all of whom must agree to the plan before it can be implemented.

The proposed restructuring, which includes Orient Overseas and the privately-held companies in the Tung group, would reorganise the shipping interests into four new divisions.

## Forbo plans new issue

By Our Zurich Correspondent

FORBO, the Swiss-based wall and floor coverings group, is to raise a total of Sfr 43.65m (\$27m) by the issue of registered shares.

The 30,000 new shares, which will be entitled to dividend from January 1 1986, will be offered by a consortium led by Union Bank of Switzerland at Sfr 1.455 each.

The sale is covered by a decision of the May shareholders' meeting to approve issue of 60,000 registered shares at the board's discretion.

## Strong gains for Corning Glass Works

By Our Financial Staff

CORNING Glass Works, the US special glasses producer, achieved strong growth in third quarter operating net profit. For the 13 weeks earnings reached \$46.6m, or \$1.85 a share, up from \$9.7m, or 23 cents, on sales \$74.5m ahead at \$549m.

For the 49 weeks operating net profit jumped to \$123.5m, or \$3.10, from \$79.1m, or \$1.87, on sales of \$1,422m, compared with \$1,292m.

The latest three month figures excluded tax credits of \$1.8m, compared with \$900,000 a year ago. For the nine months the gain was \$9.7m against \$4.7m.



**Korea Electric Power Corporation**

**US\$50,000,000**  
Floating Rate Notes due 1993

In accordance with the terms and conditions of the above notes, notice is hereby given that for the 6-month interest period from 15th October, 1986 to 15th April 1987 (182 days), the notes will carry an interest rate of 6 1/4% per annum. The interest payable on the next interest payment date, 15th April 1987, will be US\$7741.32 per US\$250,000 nominal amount and US\$309.65 per US\$10,000 nominal amount.

Agent Bank:



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GRA

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Chemical

UK COMPANY NEWS

# New Zealand company seeks stake in PHIT

BY PAUL CHEESBROUGH, PROPERTY CORRESPONDENT

APEX GROUP, a New Zealand investment company, is making a 160p a share tender offer for up to 25.5 per cent of the equity in Property Holding and Investment Trust (PHIT), which has just bought off takeover attempt by Greycoat Group.

It is thus prepared to spend \$37.47m on building a stake in a London property company which over the past five years has shown a steady but modest growth in income and in the year to last March earned net profits of £4.6m.

The Apex offer contrasts with the abortive Greycoat bid, made by a mixture of shares and paper, which put a value of 134p on the PHIT shares.

Apex Group is 48 per cent owned by Kupe Investments, another New Zealand company. Both are quoted on the New Zealand exchanges and are in the process of merging.

The main shareholder in PHIT is Pearl Assurance with 18.8 per cent of the equity and Pearl is said to have played a significant part in helping ward off the Greycoat bid. But no comment was available from PHIT yesterday on how it would view New Zealand interests as shareholders.

However, it was noted in the City that the Apex offer looked like an attempt to gain control by the backdoor. It was also observed that the offer was unusual to the extent that it contained a vague promise of further payments for shareholders accepting the tender offer.

"The tender offer may also at a later date become entitled to a top-up payment in certain circumstances," according to County Bank, which is acting for Apex.

PHIT is a property company which has made its living through investment for rental income. At the end of its last financial year it had property valued at £161m of which £90m covered offices and £32.2m covered retail property.

# Charles Batchelor details the Gunn succession to the Cayzers B & C looks for youthful revival

IT HAS taken Mr John Gunn less than a year to rise to the top at British & Commonwealth Shipping. Through his City office is still hung with all posturing depicting B & C's glorious past Mr Gunn has emerged decisively as the man who will direct its future.

His appointment as chief executive has answered many of the questions that have been raised in recent months about his role at the company. He joined as a director last November after his abrupt departure from Exco International, the phenomenally successful money broker group he founded in 1979.

It also marks the end of the Cayzer family's domination of the company they founded in the early years of this century. Executive control at B & C has passed through the hands of four Cayzers culminating in the current chairman, the 76-year-old Lord Cayzer.

Lord Cayzer, who remains in office, is prominent supporter of the Tory party and a grandson of Sir Charles Cayzer, the founder of Clan Line Steamers, from which B & C is descended.

The family owns nearly 50 per cent of B & C mainly through a complex web of holding companies. However, in a move no less momentous than the decision to appoint a non-Cayzer as chief executive, the family has agreed to allow shares to be issued to finance acquisitions, accepting that its shareholding may have to be diluted.

"This is a dramatic change," Mr Gunn said yesterday. "It is an historic moment for the company. The family in effect are saying 'Do it for us. It's a bit like what happened at Guinness when the family stepped back.'"

The Cayzer years have been marked by some showy investments with the group moving out of shipping when that went into decline, into air travel in the early 1960s, and in recent years into financial services.

But as the Cayzer line lengthened, the B & C grew, much of the vitality was lost. By the 1970s and 1980s the



Mr John Gunn, seated, newly-appointed chief executive of British and Commonwealth Shipping, with three new members of the board, from left to right, Mr Charles Cary-Elwes, Mr Julian Lee and Mr Peter Goldie

company had become a hotch potch of (admittedly often successful) investments. Many analysts regarded it as an investment trust and its shares traded below their asset value.

Its profitability came to depend more and more on the performance of affiliates rather than subsidiaries. Associate companies contributed £12.2m to group pre-tax profits of £76.8m in 1985.

Shortly after Mr Gunn joined the board last November he began to put together the financial services figure he had planned at Exco but was prevented from assembling by what he saw as the cautiousness of his board colleagues.

His first venture was to inject \$40m into Kaines Holdings, a commodity venture.

This was followed in quick succession by the consolidation of links with Abscon Investments, a fast-growing professional services group; the establish-

ment of a joint hotel venture with Royal Resorts International of Monaco, and the purchase of control of Stock Beech, a Bristol stockbroker, and Woodchester Investments, an Irish leasing company.

Despite the constant activity the question remained: What was Mr Gunn's place within B & C given the long-term dominance of the Cayzers? It was clearly troubling Mr Gunn and his fellow board members (five of them Cayzers).

Three months ago the talking started in earnest, initiated, Mr Gunn said, by the other members of the board. "There was no push," he said. "There was a lot of deliberation but nobody's nose was put out of joint."

Mr Gunn had a strong hand. Since joining B & C he had received a string of approaches from financial services groups and headhunters keen to poach his City expertise. For their

part the Cayzers were faced with an ageing board and a pressing problem of succession.

In negotiating his elevation from director to chief executive Mr Gunn, 44, seized the opportunity to draw together the strands of the financial services empire he had been building with B & C's money.

He brought in four new directors, all between their late 30s and mid-40s, from different parts of the B & C empire. They are Mr Julian Lee, head of Kaines commodity operation; Mr Paul Myers, chief executive of Gartmore Investment Management; B & C's fund management arm; Mr Peter Goldie, chief executive and joint founder of Abscon; and Mr Charles Cary-Elwes, a former lieutenant of Mr Gunn's at Exco.

These men have the deal-making and financial services expertise B & C needs. Mr Gunn is deliberately avoiding the large-scale broking, market-making and banking businesses most closely involved with "Big Bang" in the City.

This, he believes, is already a crowded area so B & C will concentrate on regional stock-broking, private client banking and professional services such as estate agency and mortgage broking which many have overlooked.

But it will also be developing its hotel and leisure business—a \$100m joint hotel and casino project is being built in Turkey—its traditional air and air service interests and its office equipment arm. It bid unsuccessfully for Golden Wonder, the snacks business sold by Hanson Trust last week to Dalgety.

A review of B & C's sprawling empire—more than 60 associates and subsidiaries are listed in its annual report—will take until mid-1987.

With Mr Gunn at the helm B & C will be a powerful new force in the financial world. One company which is not in B & C's sights, however, is Exco, which has been the subject of intense bid speculation in recent months.

## Leeds Group buying printer

Leeds Group, the textiles processor and yarn seller, is to buy Eidenwey, a company whose sole trading subsidiary is Walsden Printing, for a maximum of £4m.

Walsden prints woven and knitted fabrics. It had net assets of £941,000 last December and recorded pre-tax profits of £450,000 in 1985.

Its sale is conditional on Eidenwey showing pre-tax profits of £500,000 in the first nine months of 1986.

Value of the sale depends on Walsden's future profitability. On completion, expected next month, £1.79m is payable. This will comprise £1.41m cash, with a loan note alternative, and £380,000 in Leeds ordinary shares.

The vendors, the present management, who bought Walsden in March, will be paid £500,000 at the beginning of December in the year 1987 and 1988. They may be entitled to a final payment in December 1989 depending on profitability.

YEARLINGS — The interest rate for this week's issue of local authority bonds is 10 1/2 per cent, down 1/4 of a percentage point, and compares with 11 1/2 per cent a year ago. The bonds are issued at par and are redeemable on October 21, 1987. A full list of issues will be published tomorrow.

## Advertising revenue puts TV-am well ahead at £4m

BY ALICE RAWSTHORN

TV-am, the breakfast television channel which joined the United Securities Market in July, yesterday unveiled a surge in pre-tax profits to £3.7m in the first half of the year, compared with £1.68m in the same period last year.

In the six months to July 31, TV-am's turnover increased to £19.2m (£18.66m). It paid £3m (£1.65m) in Erchoquer Levy. Operating profits rose to £3.75m (£1.95m) and investment income to £119,000 (£94,000). An extraordinary debit of £671,000 was charged to cover the cost of the flotation. Earnings per share (before extraordinary) increased to 11.7p (5.6p) and the board plans to pay a dividend of 1p.

The company's growth was fuelled by an increase in advertising revenue, specifically from the food, pharmaceuticals and, to a lesser extent, from the financial services.

In the interim period TV-am succeeded in increasing both

its audience and its share of ITV advertising revenue. In July and August it attracted 1.1m viewers, up from 1.0m in the first half of the year. TV-am's share of advertising revenue in the year to July 31, that share rose to 3.5 per cent in the last six months and the board hopes to claim 4 per cent of revenue in the current financial year.

TV-am plans to augment its broadcasting facilities in the rest of the financial year. The board is now considering stationing a permanent team in New York and extending regional coverage in Britain.

comment

Investors who scrambled to buy shares in TV-am this summer could scarcely have hoped for a more promising set of results than these interim. Nonetheless profit-taking drove the shares down by 8p to 187p on the day. On the surface at least the picture looks rosy. Advertising revenue has by no means peaked, although TV-am is unlikely to attract the premium rates of the television audience, easily accessible elsewhere in the medium. But with 1.8m viewers TV-am must be approaching its optimum audience. Channel 4's proposed breakfast service is unlikely to pose a problem, although the BBC's revamped Breakfast Time format might. The ITV network's own morningtime service should not detract from audiences, although it could dilute demand for advertising. Still, with £3.25m in sight for the full year the prospective p/e of 8.2 seems slender. The far sighted may be deterred by the risk of earnings per share suffering when the company qualifies for full corporation tax a year and a half hence.

## BOARD MEETINGS

The following companies have notified areas of board meetings to the Stock Exchange. Such notices are usually given for the purpose of considering dividends. Official notices are not available as to whether the dividends are interim or final and the sub-division below are based mainly on last year's timetable.

TODAY

Interim: Abbey Life, Altkon Hume

International, Altabona, Blatch Tin, City of Oxford Investment Trust, Conrad, Dairy Products, Forestry, Guthrie, Helms of London, Monotype, National Properties, Peak, Rockware, Singapore, Para Rubber Estates, Svenska Cellulosa.

Final: Belam, Albert Fisher, Leisure Investments, Portland Holdings, Tey Homes.

**THE COMMISSIONERS OF THE STATE BANK OF VICTORIA**  
(a corporation constituted under the State Bank Act 1958 of the State of Victoria, Australia)

US\$125,000,000  
GUARANTEED UNDATED CAPITAL NOTES

For the six months  
15th October, 1986 to 15th April, 1987  
the Notes will carry an Interest Rate of 5 1/4% per annum with an Interest Amount of US\$300.17 per US\$10,000 Note and US\$7,504.34 per US\$250,000 Note.

The relevant Interest Payment Date will be 15th April, 1987  
As listed on the London Stock Exchange

Bankers Trust Company, London Agent Bank

**LORAIN GOLD MINES LIMITED**  
(Incorporated in the Republic of South Africa)  
Reg. No. 05/39138/06

**Declaration of Ordinary Dividend No. 9**

The following dividend has been declared for the year ended 30 September 1986:

Ordinary dividend No. 9 of 150 cents per ordinary share.

The dividend has been declared payable to members registered in the books of the Company at the close of business on Friday, 7 November, 1986. The dividend has been declared in the currency of the Republic of South Africa and payment from London will be made in United Kingdom currency. The date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 17 November 1986 or such other date as set out in the conditions subject to which the dividend is paid. These conditions can be inspected at the registered office or office of the London Secretaries of the Company.

Warrants in payment of the dividend will be posted on or about 12 December 1986. The transfer books and registers of members of the Company in Johannesburg and London will be closed from 8 to 14 November 1986, both days inclusive.

By Order of the Board  
ANGLOVAAL LIMITED  
Secretaries  
per: K. G. Williams

14 October 1986

Registered Office: Anglovaal House, 56 Main Street, 2001 Johannesburg (P.O. Box 22377, Marshalltown, 2107)

London Secretaries: Anglo-Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST

Directors: D. J. Crowe, Chairman (British), W. B. Evans, B. E. Hersov, L. Hewitt, K. M. Hosking, G. C. Kraft, W. W. Malan, Clive S. Menell, S. W. Van Der Colf, R. A. D. Wilson.

Attorneys: P. J. Eustace, F. S. Clarke, P. T. Jaard, K. A. West.

**United Dominions Trust Limited**

U.S.\$25,000,000

3 3/4 per cent Capital Bonds 1988

NOTICE OF EARLY REDEMPTION

On behalf of the Issuer, S. G. Warburg & Co. Ltd. hereby gives notice to holders of the above-mentioned Bonds of the issuer's election to redeem all outstanding Bonds on 1st December, 1986, in accordance with Condition 4(d) of the Bonds.

Consequently on 1st December, 1986 there will become due and payable upon each Bond outstanding 100% per cent of the principal amount thereof, together with accrued interest to said date, at the office of—

S. G. Warburg & Co. Ltd.  
Paying Agency, 6th Floor,  
1 Finsbury Avenue,  
London EC2M 2PA

or at the office of one of the other paying agents named on the Bonds.

Interest will cease to accrue on all Bonds on 1st December, 1986. The Bonds should be presented for payment together with all unremitted Coupons, failing which the amount of any missing unremitted Coupons will be deducted from the sum due for payment. Any amount so deducted will be paid against surrender of the relative missing Coupons within a period of 12 years commencing 1st December, 1986. Bonds will become void unless presented for payment within such period of 12 years.

15th October, 1986

GRANVILLE		Granville & Co. Limited		Telephone 01-621 1212	
8 Lovat Lane London EC3R 8BP		Member of FIMBRA			
High	Low	Company	Price	Change	Fully Paid
146	118	Asa. Brit. Ind. Ord.	133	7.5	8.1
151	121	Asa. Brit. Ind. Ord.	130	10.0	7.7
125	43	Altabona	7.5	2.8	24.0
46	28	Armistage & Rhodes	37nd	4.2	11.4
108	108	Bardon Hill	185	4.8	2.4
81	42	Bay Technologies	80	7.5	8.7
201	76	CCl. Ordinary	94	+ 3.2	3.1
152	80	CCl. Type Dev.	107	15.7	17.8
252	80	Carborundum Ord.	203	8.1	12.2
94	83	Carborundum 7.5pc FI	92	10.7	11.8
32	20	Frederick Parker Group	23	7.0	4.9
128	80	George Blair	105	3.8	3.8
91	20	Ind. Precision Cling	51	1.0	3.2
152	152	Isis Group	182nd	18.3	12.0
127	101	Jackson Group	127	5.1	4.8
277	226	James Burrough Spof.	75	17.0	4.6
100	85	James Burrough Spof.	83	12.8	13.9
1038	342	Muthouse N.V.	798	—	—
380	380	Record Ridgway 10cPF	380	14.1	18.0
100	88	Record Ridgway 10cPF	88	—	—
38	28	Robert Jenkins	37	—	—
125	86	Torday & Catalina	122nd	6.7	4.8
370	320	Twyler	370	7.5	8.7
70	26	Unilock Holdings	89	2.8	4.1
102	47	Weiser Alexander	97nd	5.0	8.1
228	190	W. S. Yates	187	17.4	8.8

**HAMBROS BANK LIMITED**

Foreign Exchange  
Eurobond

**ANNOUNCEMENT**

## NEW DEALING ROOM EQUIPMENT

In order to increase our capacity to handle the volume and complexity of deals and services in the above markets, we are progressively expanding and re-equipping our dealing room and introducing new systems and equipment.

As part of this plan and in order to ensure that we interpret our customers' instructions accurately and speedily, we have now installed telephone recording equipment in our Foreign Exchange and Eurobond dealing rooms solely for the purpose of verifying and confirming the accuracy of transactions carried out by the dealers and for the exchange of Foreign Exchange instructions.

This notice is published to advise all relevant staff in those companies with whom we deal that all telephone calls to our Bishopsgate dealing room will be tape-recorded from 13 October 1986.

All necessary steps will be taken by us to protect the confidentiality of the recordings.

The equipment selected was provided by TISL who have supplied similar multi-channel recording equipment to many of the leading City dealing rooms.

**HAMBROS**  
HAMBROS BANK LIMITED  
41 Bishopsgate, London EC2P 2AA. Telephone 01-588 2851

## Rotunda heads for the USM

Rotunda, a manufacturer of specialist adhesive tapes, is joining the United Securities Market through a placing of shares in order to raise capital to finance acquisitions.

The company dates back to the 1920s but in the 1940s was taken over by Callender Cable which in turn formed part of BICC. In 1982 the senior executives of Rotunda staged a management buy-out, backed by the venture capital concern, Investors in Industry.

In 1985 the company had pre-tax profits of £611,000 on a turnover of £1.115m. In the first half of the current year it produced profits of £517,000 on sales of £5.58m. The board anticipates profits of at least £875,000 in the full year.

Rotunda will issue 2.35m shares, or 32.5 per cent of its equity, at 95p a share in the placing through the stockbrokers Henry Cooke, Lumsden. The issue will capitalise the company at £6.9m.

## Which FT Diary will you choose for 1987?

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FT Business Information Ltd, Minster House, Arthur Street, London EC4R 6AX

## YORKSHIRE BANK Base Rate

Yorkshire Bank announces that with effect from close of business on TUESDAY 14th October, 1986 Base Rate is increased from

10% to 11%

All facilities (including regulated consumer credit agreements) with a rate of interest linked to Yorkshire Bank Base Rate will be varied accordingly.

**Yorkshire Bank**  
Head Office  
20 Merrion Way, Leeds LS2 8NZ

UK COMPANY NEWS

Glaxo moves up from 16th to ninth position in the world drug making league
Zantac behind 52% profits surge to £611m

BY TONY JACKSON

Glaxo's remarkable growth record has continued with the announcement of a 52 per cent jump in pre-tax profits to £611.6m for the year to June 1986. The directors claimed that Glaxo's anti-ulcer drug ranitidine had become the biggest selling drug in the world, and that the group had become the first UK company to join the ranks of the world's 10 biggest drug companies.

Group sales from continuing activities rose 26 per cent to £1.45bn. Ranitidine, sold in most markets under the brand name Zantac, is the chief reason for Glaxo's growth in recent years. Sales of the product last year were up by 40 per cent from £433m to £866m, accounting for 43 per cent of group turnover against 39 per cent the year before. Until recently, Zantac took second place in the world league table of drugs after the older ulcer treatment Tagamet.

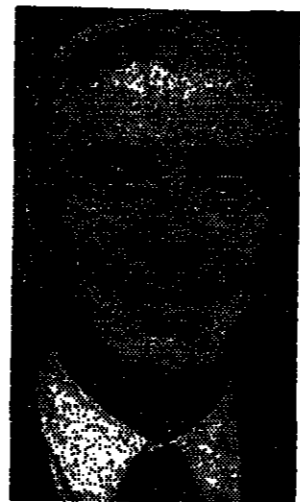
from the US drug company Smith Kline.

Mr Bernard Taylor, chief executive of Glaxo, made a carefully qualified claim to first place, saying "10 years after its discovery, and five years after its launch, ranitidine in all its forms has become the world's largest selling pharmaceutical product."

Mr Taylor claimed that Glaxo last year was the ninth biggest drug company in the world, up from 16th place the year before. He said that sales growth last year, in absolute sterling terms as well as proportionally, had outstripped any other drug company in the world.

Sales growth was especially strong in the US, with a rise of 74 per cent to \$620m (£430m). Glaxo now claims to be the ninth largest drug company in the US, chiefly because of Zantac sales, rising to \$433m in the US market.

Zantac suffered a fall in market share in Japan, from 30 per cent to 28 per cent, as a result of the launch of the com-



Mr Paul Girolami, chairman of Glaxo

peting ulcer treatment famotidine, by the Japanese drug company Yamanouchi.

Mr Taylor said: "Yamanouchi are enormously powerful and very tough competition in Japan, but in world markets the

same conditions do not apply. "They have nothing to offer over our product, and we have the advantage of earlier introduction to other markets, and of having nearly 30m patients using Zantac worldwide."

Mr Taylor said that Zantac was now established in all the major markets of the world. He said the drug could expect to gain only a couple of points of market share above its latest world level of 49 per cent, but that growth of 20 per cent in the ulcer drug market overall left plenty of room for profits growth.

On the stock market, Glaxo's shares rose sharply in response to the figures, but fell back to close 10p lower at 99 1/2 on the news that 206m of profit was due to selling gifts from the group's investment portfolio.

Glaxo said that its gross liquid assets had risen from £590m to £550m over the year. Earnings per share were up 4p from 37 1/2p, and the dividend was raised by 40 per cent to 14p net for the full year.

Plantations pull back
Harrisons & Crosfield

A SHARP downturn on the plantations side again hit Harrisons and Crosfield. And with interest charges showing a substantial increase, the pre-tax profit for the first half of 1986 fell by 18 per cent, from £31.3m to £25.6m.

However, directors said that the setback in plantations was being overweighed in part by the better crops and by the upward movement in commodity prices. That applied particularly to oil palm products, although results of the division were not yet running at the level of last year.

Overseas results were included at average rates of exchange, and the 1985 figure was adjusted to comply with this new accounting policy. But for the weakness of sterling compared to 1985, the half year pre-tax profit would have been £25.5m higher.

Turnover in the half year fell from £776m to £758m and the pre-interest profit from £38.6m to £38.3m. Plantations accounted for £5.3m (£4.5m).

However, on the chemicals and industrial side the profit improved from £12m to £15.5m. This was mainly due to results from chemical manufacturing which were sustained in the second half, but directors state that the cost of insurance in North America for product and public liability had become a heavy burden.

Currency translation rates affected profitability of Linatex operations coupled with the continuing downturn in mining activity. However, expansion in the US was moving forward satisfactorily.

At Pauls, the profit contribution expanded to £7.6m, from the £7.2m of last time included from April 2 1985—the date of purchase.

Earnings were 12.1p (13.7p) per share and the interim dividend is held at 4.5p.

comment Palm oil prices have fallen to cost of production levels and the sharp drop in Harrisons & Crosfield's plantation profits reflects this. However, as the City has been keen to see H&C make the switch from plantation stock to industrial holding company with a strong UK earnings base this is possibly a cloud with a very silver lining indeed.

H&C has been growing rapidly during the past 12 months with three major acquisitions. Its core business are jobbers, which it processes and distributes.

Although the bulk of CFFP's sales are in North America, about 20 per cent of turnover comes from the UK and Europe. An estimate of current year profits is complicated by the acquisitions, but Hillsdown calculates that—had these been in the group for the full year 1985 profits would total £55m (£2.5m-£5m).

The entire purchase consideration, however, will be deferred until March 1988 when it will be based on a six times multiple of pre-tax earnings. The vendors have warranted that net assets at end-1986 will be not less than £810m (£5m), and 1988 profits not less than £10 million.

Meanwhile, Hillsdown is leading the company £20m via an interest-bearing convertible unsecured debenture—with conversion rights after March 1988.

Cussons upsurge
boosts Paterson

Paterson Zochonis, the Manchester-based soap and toiletries manufacturer best known for its Cussons brand name, and which has major trading interests in Nigeria, achieved record pre-tax profits of £42.3m in the year to May 31 1986 compared with £38.6m last year.

The group's Nigerian companies were adversely affected by exchange rates, but results from this area were more than offset by satisfactory improvements in the performance of group activities elsewhere.

The Nigerian companies maintained their general level of turnover and profit in local currency terms, but these were significantly lower in sterling, reflecting the 50 per cent fall in the naira between May 1985 and May 1986. Additionally, the Nigerian manufacturing units operated well below capacity through shortages of raw materials.

The group's UK companies increased market share and continued to benefit from favourable raw materials prices, while profits from the Cussons group showed a significant improvement.

Turnover in the period fell from £276.6m to £241.7m with that from Nigerian operations continuing at the previous year's level of just less than 50 per cent of total group sales.

Profits from that area were down from 70 per cent of group total to around 50 per cent.

The directors propose to increase the final dividend to 4.85p (4.56p), making the year's total 6.5p (5.9p).

comment Since they were started less than a month ago Lagos weekly auctions of foreign exchange have seen the sterling value of the naira fall to a quarter of its former official worth. For Paterson Zochonis this has provided good reason to write down the Nigerian investments (now in at £8m against £43.7m last year) and thereby to ensure that future returns from this volatile state both look good when compared with assets employed and are more in keeping with the City's wish to see the group's quality of earnings improved. But if Nigeria is sliding down the same cannot be said for the central treasury which with its combination of short dated gilts and Channel Islands rollover funds has become the second most important source of group profits.

Current investments now have a market value of £138m, so the contribution from this area could perhaps become the largest in what is likely to be a depressed first half of the present year. These final figures were well signalled and the market left the shares unchanged at 35p in sympathy around the balance sheet. This year less than half of profits will be Nigeria related and more in keeping with the City's dipping to under 6p, the City will probably not abandon the stock even if profits fail to exceed 1985-86's total.

Hillsdown buys stake in
two fish processors

Hillsdown Holdings, the fast-growing food to furniture manufacturer, is moving into the fish processing business with two acquisitions.

Hillsdown is buying a substantial minority interest in Nova Scotia-based Clearwater Fine Foods Inc, plus a 51 per cent stake in Shearwater, a UK fish processor with factories near Stranraer and Perth.

Says Solomon, joint chairman of Hillsdown: "It's a significant deal—our first venture into the processed fish market. Having bought these companies, we are interested in making further acquisitions."

Clearwater has been growing rapidly during the past 12 months with three major acquisitions. Its core business are jobbers, which it processes and distributes.

Although the bulk of CFFP's sales are in North America, about 20 per cent of turnover comes from the UK and Europe. An estimate of current year profits is complicated by the acquisitions, but Hillsdown calculates that—had these been in the group for the full year 1985 profits would total £55m (£2.5m-£5m).

The entire purchase consideration, however, will be deferred until March 1988 when it will be based on a six times multiple of pre-tax earnings. The vendors have warranted that net assets at end-1986 will be not less than £810m (£5m), and 1988 profits not less than £10 million.

Meanwhile, Hillsdown is leading the company £20m via an interest-bearing convertible unsecured debenture—with conversion rights after March 1988.

ZANTAC SHARE OF ANTI-ULCER MARKETS

Table with columns: Year to March '85, Year to March '86, 1st Qtr '86. Rows include USA, Japan, Italy, W. Germany, UK, France, Canada, and World.

Crystalate moves into US and forecasts £7m profit

BY DAVID GOODHART

Crystalate Holdings has made its first US acquisition, buying the Restive Products Division of TRW Inc, the giant US high technology communications group, for \$30.6m (£21.4m).

The company denied that the acquisition was a response to recent talk of a bid for Crystalate, saying that it had been negotiating since April.

Mr John Herrin, chief executive of Crystalate, said: "The company has strong management, is highly innovative, and is a market leader with its own sales force."

Crystalate will raise \$10.4m of the price through issuing 5.6m new shares—17.8 per cent of the existing share capital—with \$11m drawn from its \$14m cash pile.

Crystalate also announced yesterday that for the year to 30 September 1986 it expected pre-tax profits of not less than \$8.5m, compared with \$4.8m, at \$22m.

Agricola pays £4.5m for two Norfolk farms

By NIKK TAIT

Agricola UK, the recently-formed UK subsidiary of Ferruzzi Group whose possible acquisition of S. and W. Berford is currently being examined by the Monopolies and Mergers Commission, is buying two Norfolk farms for around £4.5m.

The farms—Barton Bendish and Abbey Farms near Downham Market—encompass 2,500 acres, including 500 acres of sugar beet.

Ferruzzi, which holds a 23.7 per cent stake in Berford and faces a potential rival in the shape of Tate & Lyle (whose bid is also with the MMC).

Commenting on the purchase, Sir Richard Butler—former president of the National Farmers' Union and now chairman of Agricola—said: "The purchase demonstrates the Ferruzzi Group's long-term commitment to the UK."

Yesterday, Ferruzzi had its second hearing with the MMC, whose report is likely to reach the Secretary of State by mid-November.

Alexandra Workwear 29% ahead midway

BY MIKE SMITH

Alexandra Workwear, the manufacturer and supplier of work clothes which came to the market at the start of last year, yesterday announced a 29 per cent increase in interim profits on turnover up by 26 per cent.

For the 26 weeks ended August 16, 1986, the group achieved pre-tax profits of £1.94m (£1.5m last year) on sales of £17.3m (£13.7m).

Earnings per share were up 34 pence to 11p and the interim dividend is raised by 0.5p to 2.75p.

Mr Granville Davis, chairman, said that production was continuing to develop well and the company's new factory near Glasgow, which was opened at the start of the year, was making a significant impact.

"Since the half year there has been a steady growth in orders, sales and production and I expect this to continue," he said.

In the 28 weeks, interest payments more than doubled to £263,000 from £128,000 for the same period last year.

Another meeting at Standard Chartered

The board of Standard Chartered Bank met yesterday amid mounting speculation of a new bid for the bank.

The meeting, the second since Standard fought off a hostile bid from Lloyds Bank, is believed to have been attended by two of its three largest shareholders: Mr Robert Holmes & Court and Sir Y. K. Pao. The third, Tan Sri Khoo Teck Puet, was represented by a nominee.

A spokesman for the bank said there would be no news announcement following the meeting.

Pochin's static

Pochin's builders and civil engineering contractor, experienced a marginal decline in profits before tax, down to £885,000 (£945,000), and turnover £21.74m (£22.53m) for the year to May 31 1986, reflecting difficult trading conditions in the construction industry.

Paradoxically the order book for contracting in the current year stood at a high level. Tax took £280,000 (£290,000) leaving attributable profits higher at £605,000 (£655,000) and earnings per share of 58.16p (£62.29p). The dividend is raised from 12.9p to 14p with a proposed final of 10p per share.

Warwick Intl.

Warwick International has reached an agreement in principle with Jotun Polymer whereby Jotun will acquire Warwick's polyester chemicals businesses worldwide.

The transfer is expected to be completed by the fourth quarter of 1986.

Following final agreement, Jotun will assume the management and operations of Warwick's factory located at Mitcham, Surrey. Warwick and Jotun are working together to ensure a smooth transition and uninterrupted supply of all products to all customers. This corrects an item in yesterday's edition which stated Warwick International had been acquired by Jotun.

TUDORBURY SECURITIES FIMBRA BUY OR SELL TSB CASH SETTLEMENT Tel: 01-222 9080 5 Old Queen Street London SW1R 9JA

I.G. INDEX FT for October 1,255-1,261 (-23) Tel: 01-528 5699

HARRISONS & CROSFIELD

INTERIM STATEMENT (unaudited) Table with columns: 1986, 1985, 1985, 1985. Rows include Group profit before interest and taxation, Group profit before taxation, Group profit after taxation, Earnings for Ordinary shareholders, Earnings per Ordinary share.

ORDINARY DIVIDEND The Board has declared an interim dividend of 4.5p per share for 1986 (4.34p per share including the adjusted tax credit) of £2.5m on the issued Ordinary capital of £50,446,074. The interim dividend paid in respect of 1985 was 4.5p per share costing £2.5m.

The interim dividend will be paid on 8th December 1986. The last day for lodging transfers will be 7th November 1986.

NOTES: 1. It is the Group's accounting policy to transfer the trading results of overseas companies into sterling at the average rates of exchange ruling for the relevant period. 2. It is a Group finance programme year.

Results and Prospects

Prices for oil palm products fell to their lowest level in real terms for nearly fifty years. This, and poor prices for some of our other crops, caused the severe decline in Plantations Division profits. However, tonnage of all major crops and palm products in remainder showed a material increase over the same period in 1985. Crops in the second half of the year continue to well up to the record levels of last year and recently commodity prices have shown some advance. The set-back in plantations operations earlier in the year is thus now being offset in part by the better crops and by the upward movement in commodity prices, particularly of oil palm products, although results of this Division are not yet running at the level of last year.

Chemical manufacturing businesses maintained improvement in all sectors supported also by better profits, in operating currency terms, from the majority of the distribution units. These enhanced results should be sustained in the second half of the year but the cost of insurance in North America for product and public liability has become a heavy burden.

Currency translation rates have affected profitability of Linatex operations coupled with the continuing downturn in mining activity. However, expansion in the USA is moving forward on a satisfactory basis.

Food volumes have improved in Pauls Agriculture to produce increased profitability. Pauls Malt reaped the benefit of cost reduction and has had a good year so far. The Flavours and fragrances

business now trades under the name of Felton Worldwide and includes the operations acquired from Felton International for the full period; this section continues to progress. Telford Foods has fulfilled the optimism referred to in the 1985 report.

Although Timber and Building Supplies were affected by severe winter weather in the opening months, the remedial action taken in 1985 coupled with higher off-take in the second quarter produced improved results. This better performance has continued into the third quarter.

General Trading suffered from the downturn in commodity prices which affected both the UK commodity operations and the Far Eastern trading business. Some improvement is expected in the second half.

In common with many international groups our accounting policy relating to the translation of overseas results has been changed from the use of period end exchange rates to average exchange rates for the relevant period (see Note 1 above). The relative weakness against sterling of the US dollar, and most of those currencies in which our overseas Group companies operate, has produced reduced income in sterling terms due to the effect of exchange movements. If the average exchange rates for the six months to 30th June 1985 had been applied to the overseas profits for the first half of 1986, Group profit before taxation would have been increased by £2.5 million to become £28.1 million.

Table with columns: 1986, 1985, 1985, 1985. Rows include Divisional Profits (including Group share of related companies), Plantations, Chemicals and Industrial, Pauls (see Note 2 above), Timber and Building Supplies, General Trading, Finance, Property disposals, Group profit before interest and taxation.

Table with columns: 1986, 1985, 1985, 1985. Rows include Divisional Profits (including Group share of related companies), Plantations, Chemicals and Industrial, Pauls (see Note 2 above), Timber and Building Supplies, General Trading, Finance, Property disposals, Group profit before interest and taxation.

DIVIDENDS ANNOUNCED Table with columns: Company, Dividend, Date, Yield, etc. Rows include Alexander Werke's Int, BRE Group, Brent Walker, etc.

TURNOVER UP 55% TO £14-197 million PROFITS UP 110% TO £3-276 million EARNINGS PER SHARE UP 99% TO 10-72p NEW INTERIM DIVIDEND OF 3-5p

Extracts from the Chairman's Statement "Overall the Group continues to trade successfully and I believe that the future for all our existing activities is bright. We are continuing to investigate further opportunities in related fields... we are seeking investment opportunities to broaden yet further the trading base of the Group and increase profitability."



UK COMPANY NEWS

Brent Walker boosted by Brighton Marina project

BY ALICE RAWSTHORN

Brent Walker, the leisure group which returned to the stock market last year...

Hoteles and leisure contributed 14 per cent of profits, stadiums and sport 18 per cent and the Brighton Marina 27 per cent.

Walker has concluded negotiations with its partners in the venture and profits should increase from now onwards.

Adverse weather and dumping hit Scanro

BY RICHARD TOMKINS

Scanro Holdings, the USM-quoted windsurf board maker, yesterday blamed poor weather in Europe and dumping on the US market for a slump in pre-tax profits from \$411,000 to \$276,000 for the six months to June.

and the dividend is maintained at 15p. Mr Berghant said Scanro's expansion into shoe manufacture had been delayed because the machinery had taken longer to commission than expected.

BM Group boosts profit

BM Group, which serves the building, construction, quarry, mining and paper industries...

S. Lyles up by 42%

S Lyles, the Dewsbury-based yarn spinner and dyer which supplies many of the leading carpet manufacturers in the UK and Europe, yesterday reported pre-tax profit up by 41.5 per cent from \$300,000 to \$552,000 for the year to June 30 1986.

Low commodity prices hit Chillington profits midway

ON TURNOVER almost doubled at \$12.82m, against \$6.7m, Chillington Corporation achieved only a slight increase in pre-tax profit from \$1.02m to \$1.11m in the first half of 1986.

Anglo Indonesian Corporation in March this year, fell to 7p (19.5p) basic or 3.3p (5.4p adjusted) fully diluted.

Johannesburg Consolidated Investment Company, Limited ("J.C.I.")

Notice to holders of share warrants to bearer ("J.C.I. BEARERS")

Regarding a rights offer of Consolidated Metallurgical Industries Limited ("C.M.I.")

Offer by CMI to members of JCI of 7,373,300 ordinary shares of 105 cents each at a subscription price of R4.00 per ordinary share

A listing and acceptance form (either PINK to receive NIL PAID LETTER OF ALLOCATION or GREEN to subscribe for CMI Ordinary shares) must be completed and lodged, preferably by a stockbroker or banker, together with Coupon (1) No. 122.

Hill Samuel Registrars Limited 6 Grosvenor Place London SW1P 1PL

Barnato Brothers Limited London Securities per: Mrs. A. F. Smith

London 15 October 1986

Anglovaal Group

Mining companies' reports - Quarter ended 30 September 1986

Hartbeeston Gold Mining Co Ltd

Table with 4 columns: Quarter ended, Quarter ended, Financial year ended, and Quarter ended. Rows include Operating results, Development, Financial results, and Dividend.

Pitso Copper Mines (Pty) Ltd

Table with 4 columns: Quarter ended, Quarter ended, Financial year ended, and Quarter ended. Rows include Operating results, Development, Financial results, and Dividend.

Eastern Transvaal Consolidated Mines Ltd

Table with 4 columns: Quarter ended, Quarter ended, Financial year ended, and Quarter ended. Rows include Operating results, Development, Financial results, and Dividend.

Lochre Gold Mines Ltd

Table with 4 columns: Quarter ended, Quarter ended, Financial year ended, and Quarter ended. Rows include Operating results, Development, Financial results, and Dividend.

Rotunda plc (Incorporated in England under the Companies (Consolidation) Act 1968 No. 233167) SHARE CAPITAL Issued and now being issued fully paid

Anglovaal Group

Mining companies' reports - Quarter ended 30 September 1986

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Table with 4 columns: Quarter ended, Quarter ended, Financial year ended, and Quarter ended. Rows include Operating results, Development, Financial results, and Dividend.

Consolidated Murchison Ltd

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

TENDER OFFER by COUNTY LIMITED on behalf of Peterborough Traders Ltd. a wholly-owned subsidiary of

APEX GROUP LIMITED to acquire up to 23,422,879 ordinary shares in

PROPERTY HOLDING & INVESTMENT TRUST PLC at 160P PER SHARE PLUS A POTENTIAL TOP-UP PAYMENT

FORMS OF TENDER MUST BE RETURNED BY 12 NOON ON MONDAY, 27 OCTOBER 1986. The procedure for tendering shares is set out below.

COUNTY LIMITED (Registered in England No. 189316)

Registered Office: Peterborough Traders Ltd., 12 Thompson Avenue, London EC2P 2ES, 15 October 1986

To all ordinary shareholders of Property Holding & Investment Trust PLC ("PHIT")

Dear Sir or Madam,

TENDER OFFER FOR PHIT SHARES AT 160P PER SHARE

On 14 October 1986 Peterborough Traders Ltd. ("Peterborough") announced that it would make an offer to acquire ordinary shares in PHIT by way of a tender. On behalf of Peterborough, a wholly-owned subsidiary of Apex Group Limited ("Apex"), we hereby offer you, as the holder of one or more shares in PHIT, the opportunity to tender to us for the acquisition of up to 23,422,879 ordinary shares in PHIT at 160p per share plus a potential top-up payment of up to 20p per share.

Shares held by you are being offered to you for sale at 160p per share plus a potential top-up payment of up to 20p per share. The offer is subject to the conditions set out below. If you wish to tender, you must complete and return the form of tender to us by 12 noon on Monday, 27 October 1986.

Terms and Conditions of the Tender Offer: 1. The Tender Offer is subject to the terms and conditions of the Tender Offer Document. 2. The Tender Offer is subject to the terms and conditions of the Tender Offer Document.

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UK COMPANY NEWS

Peachey flattens out as debt charge increases

BY PAUL CHISHOLM, PROPERTY CORRESPONDENT

FREE-TAX PROFITS at Peachey Property Corporation flattened out in the year to June as property trading income diminished and debt charges increased. At £10.24m, the profit for the year ended 30 June 1986 was a 50 per cent increase on the £6.8m recorded in 1985. The final dividend is 5.5p to bring total payments for the year to 9p a share, against 8p, 000,000.

This left net property investment income at £8.1m for 1986-88 compared with £6.5m. On top of that came the trading profit of £2.1m against £4.0m in 1984-85. The exceptional level of property trading profits had kept the earnings per share high at 19.7p, although lower than the 21.7p recorded in 1984-85 when the number of shares in issue was lower. But Peachey warned that as property trading profits phase down, the eps rate cannot be kept up.

Strong advance by enlarged Ronald Martin

BY NIKKI TAIT

The growth anticipated by Ronald Martin Properties was achieved during the first six months of 1986 and for the period the group saw its profits rise to £883,000 pre-tax, an improvement of 48 per cent over last year's £595,000.

Cement-Roadstone buys Dutch company for £8m

BY NIKKI TAIT

Cement-Roadstone Holdings, one of Ireland's largest industrial companies, is expanding in the Netherlands by buying a 57.5% stake in Herra Holding Company, a privately-owned fencing business.

accounting for 40 per cent of turnover. In 1985, Herra made trading profits of £1.13m (£1.13m) on sales of £11.96m (£17.55m). CRH said there was little debt in the company, and last year's pre-tax figures were roughly similar. Net assets at the end of last year were £1.23m. Existing management will remain with Herra following the acquisition.

Microlease down midway

BY NIKKI TAIT

Microlease managed a small increase in turnover for the half year ended August 31 1986, but profits suffered mainly as a result of the decision to apportion overheads more equally between each half.

Senior Jardine Glanville posts

BY NIKKI TAIT

Mr Maurice Brackenroed Johnson has been appointed deputy chairman of London and International Markets Specialist, Lloyd's broker JARDINE GLANVILLE. He joined Glanville in May 1971, prior to its merger with Jardine as managing director of the aviation division.

Scandinavian Finance B.V.

U.S.\$60,000,000 Floating Rate Serial Notes due 1993 Guaranteed on a subordinated basis by Scandinavian Bank Limited (Incorporated in England with limited liability)

The Sumitomo Trust and Banking Co., Ltd.

LONDON U.S. \$20,000,000.00 Floating Rate U.S. Dollar Negotiable Certificates of Deposit Due 30 November 1987

Scandinavian Bank Limited

(Incorporated in England with limited liability) For the six months. 15th October, 1986 to 15th April, 1987

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Overseas expansion lifts UEI by 25%

BY NIKKI TAIT

UEI, the engineering and electronics group, announced pre-tax profits up by 25 per cent to £1.19m (£5.71m) for the six months ended July 31 last. No contribution was made from Solid State Logic which was acquired in August.

Strong performance by overseas expansion lifts UEI by 25%

Investment in research and development has continued at a high level with direct expenditure for the first six months approximately £1.5m. In order to meet growing demand for group products, production space had been further increased.

UEI will suffer from its image of having a chairman merrily racing around the track behind the wheel of a Formula one car while watching the electronic sector go down in flames.

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LONDON RECENT ISSUES

Table of London recent issues with columns for Issue No., Issue Date, Issue Price, and Stock Name.

Table of Fixed Interest Stocks with columns for Issue Price, Annual Yield, and Stock Name.

Table of Rights Offers with columns for Issue Price, Annual Yield, and Stock Name.

AUTHORISED UNIT TRUSTS

Table of authorised unit trusts listing various trust names and their details.

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service listing numerous unit trusts with their respective details.

FINANCIAL TIMES SURVEY: The Financial Times proposes to publish an EXPORT SERVICES SURVEY on November 17, 1986. Includes a list of subjects to be covered.

F.T. CROSSWORD PUZZLE No. 6,151

Crossword puzzle grid with clues for Across and Down words.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table listing various financial products, companies, and their details. Includes columns for company names, product names, and numerical values.

INSURANCES

Table listing insurance companies and their products, including details like policy types and rates.

Table listing unit trusts and their details, including fund names and performance metrics.

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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas fund products, including company names, fund names, and numerical values.

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Table listing money market and trust funds, including company names, fund names, and numerical values.

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Table listing various insurance and overseas fund products, including company names, fund names, and numerical values.

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Table listing various insurance and overseas fund products, including company names, fund names, and numerical values.

Table listing traditional options, including company names, option names, and numerical values.

NOTES section providing additional information and disclaimers regarding the fund data.

COMMODITIES AND AGRICULTURE

Opec quota doubts hit oil market confidence

BY RICHARD JOHNS AND LUCY KELLAWAY

OIL PRICES fell yesterday as Opec members got ready for this evening's full Ministerial session which will tackle the sensitive issue of output quotas for the first time since the meeting began ten days ago.

"When this meeting began everyone assumed that the present quotas would be rolled over. Now nobody has any idea what is going to happen," Mr Peter Seutal of Elders Futures in New York said yesterday.

In Geneva yesterday, the committee charged with liaison—composed of the chief delegates of Nigeria, Indonesia and the United Arab Emirates—was consulting with Ministers of other member states individually in preparation for the full session.

It plans to complete the process by luncheon today in the pursuit of agreement on a new long-term basis for sharing collective production to be completed from the beginning of next year.

Delegations from Saudi Arabia and Kuwait backed by statements by their respective governments are insistent that a deal should be struck before the conference disperses—already it is the lowest ever—and by the end of October when the two-month interim accord limiting Opec output to 16.6m b/d.

An implied threat of a return to the "price war," with further disastrous consequences for the revenues of other poorer and indebted producers, continued to hang heavily over this session. The general conviction is that the interim accord will be rolled over until the end of 1986, but only at the cost of conceding a higher permitted rate of production to Kuwait and several other members over the last two months of the year.

Price rise underlines recovery in demand for diamonds

BY KENNETH MARSTON, MINING EDITOR

THE STRENGTH of the recovery in demand for diamonds that began in 1985 after nearly five years of recession was underlined yesterday by the second increase in prices of rough (uncut) stones to be made this year by De Beers' Central Selling Organisation.

The South African-controlled organisation, which regulates the marketing of over 90 per cent of world diamond mine output on behalf of De Beers and other producers, is lifting prices of rough gem and industrial diamonds by an overall 7 per cent as from November 3.

Paradoxically, there has been no real recession in retail sales of diamond jewellery which steadily increased between 1981 and 1985 to reach record levels last year. The trouble was that the diamond cutting and polishing industry had previously built up abnormally high stocks of rough stones—largely financed by easy credit—as an inflation hedge.

Subsequently, the cutters and polishers in Tel Aviv and Antwerp found themselves overloaded with stock-in-trade and squeezed by creditors. As a result the CSO was obliged to buy the surplus diamond output from the mines and to stockpile it in order to maintain prices and a stable market.

This stockpile grew from 300m to 11,000m over the years 1980 to 1984. At the same time, however, the big stocks of unfinished diamonds held in the cutting trade were gradually brought down to normal levels while those held by the jewellery manufacturers and the retail trade were also reduced.

Impasse at rubber pact talks

BY WILLIAM DULLFORCE IN GENEVA

TALKS on a new price-stabilising International Natural Rubber Agreement (Inra), which opened in a climate of optimism a week ago, have run into an impasse. The producing countries have been bitterly disappointed by the importers' failure to respond positively to what they saw as a generous concession over the reference price to be applied in the new agreement.

Last week they tabled three key demands. A regular price review to be conducted at 12-month intervals instead of the present 18 months and an automatic change of 5 per cent in the price to come into effect, if the council of the International Natural Rubber Organisation failed to agree on a change.

In addition, the US with support from other importers, was seeking a change under which the indicative prices—the outer levels of the mechanism—would come into play if the buffer stock reached 450,000 tonnes.

The importers also dismissed the two conditions that the producers had attached to their price concession. These were that the current figure of 201.66 cents should be written into the new agreement as the reference price instead of a vague formulation about carrying over the price prevailing at the end of the present Inra and that the price should be expressed solely in Malaysian ringgits, excluding the Singapore currency.

With the atmosphere at the talks fast deteriorating, Mr Manapas Kuto, the Thai chairman, last week put forward an eight-point compromise package which in the importers' view was too heavily weighted towards the producers. The importers submitted a counter-proposal, a move which appears to have been interpreted by Mr Kuto as bringing into question his credibility as an impartial chairman.

Brazil iron ore mine aims to export 12m tonnes this year

BY NICK GARNETT, RECENTLY IN BRAZIL

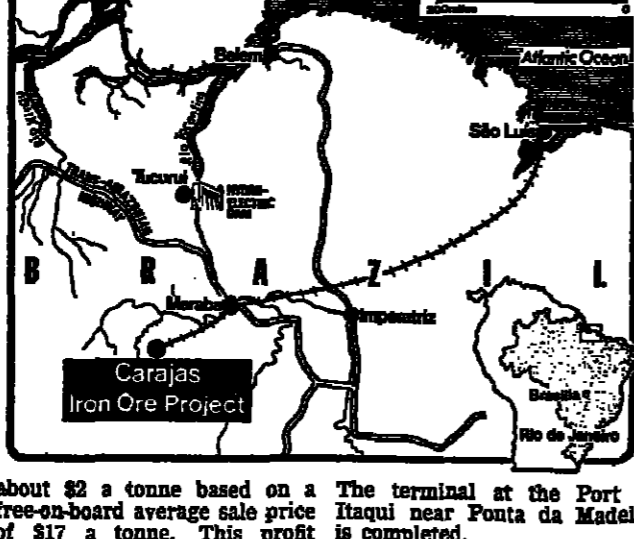
COMPANHIA VALE do Rio Doce (CVRD), the big Brazilian mineral and transportation group expects to have exported by the end of this year 12m tonnes of iron ore from its huge Carajas site in the Amazon basin, which came on stream in January and could become a major influence in the world market.

estimated to have reserves of 180m tonnes spread in a radius of 70 km from the site. Some 4,000 people are now employed on the site earning an average \$40 a month. The company indicated that it will have a profit margin of 20 per cent from its own financial resources, 45 per cent from loans.

Of the total development costs CVRD says it has only about \$200 million of equipment yet to purchase, mainly rolling stock as production expands.

Other iron ore producers believe that the sheer size of the Carajas development, all production from which is earmarked for export will inevitably exert an unsettling effect on the market and will make it tougher for some existing iron operations to survive.

Mr Raymundo Mascarenhas, CVRD's president said other suppliers should not worry about this. The company is gradually reducing output from its southern mines near Itabira in Minas Gerais which have a capacity to produce 70m tonnes a year.



EEC still divided over dairy surpluses

By Tim Dickson in Brussels

EEC FARM Ministers ended their monthly meeting in Luxembourg last night seemingly as divided as ever on how to treat the community's mounting dairy surpluses.

Strong objections were yet again raised to virtually all the European Commission's proposals for reform and a "disappointed" Mr Michael Jopling, Britain's Agriculture Minister and current chairman of the Farm Council, was left with little option but to promise further discussion of the issue at the next session in November.

The Commission, however, sensitive criticism of its own handling of the market, made no attempt to conceal its growing frustration at the latest political prevarication and repeated its assertion that the situation is "very, very serious".

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LONDON MARKETS

COFFEE FUTURES values continued on the switch-back ride yesterday as the January position's 500 rise to \$2,162.50 a tonne wiped out Monday's 545 advance. The downturn was sparked off by selling in New York, where a recent heavy buyer, who had been believed to be operating on behalf of the Brazilian authorities, was reported to have turned into a seller.

REUTERS INDICES

Oct 15 000 10th Sep Year ago

Table with columns for various indices: DOW JONES, S&P 500, FTSE 100, etc.

US MARKETS

PRECIOUS METALS closed weaker on lack of bullish news, reports Helmsold.

Table with columns for Precious Metals: Gold, Silver, Platinum, etc.

HEATING OIL

Oct 15 000 10th Sep Year ago

Table with columns for Heating Oil: Oct 15, Oct 12, Oct 9, etc.

MAIN PRICE CHANGES

Table with columns for Metals: Aluminium, Copper, Lead, Zinc, etc.

NEW YORK

Table with columns for New York: Aluminium, Cocoa, Coffee, etc.

CHICAGO

Table with columns for Chicago: Live Cattle, Live Hogs, Pork Bellies, etc.

COFFEE

Table with columns for Coffee: Arabica, Robusta, etc.

COPPER

Table with columns for Copper: Grade A, etc.

LEAD

Table with columns for Lead: Grade A, etc.

NICKEL

Table with columns for Nickel: Grade A, etc.

TIN

Table with columns for Tin: Kuala Lumpur Tin Market, etc.

ZINC

Table with columns for Zinc: High grade, etc.

COFFEE

Table with columns for Coffee: Arabica, Robusta, etc.

COPPER

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ZINC

Table with columns for Zinc: High grade, etc.

GOLD

Table with columns for Gold: Gold Bullion, etc.

GOLD AND PLATINUM COINS

Table with columns for Gold and Platinum Coins: 1/2 oz, etc.

SILVER

Table with columns for Silver: Silver Bullion, etc.

SOYABEAN MEAL

Table with columns for Soyabean Meal: Various grades, etc.

MEAT

Table with columns for Meat: Various types, etc.

OIL

Table with columns for Oil: Various types, etc.

SUGAR

Table with columns for Sugar: Various grades, etc.

GRAINS

Table with columns for Grains: Wheat, Barley, etc.

POTATOES

Table with columns for Potatoes: Various grades, etc.

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GOLD

Table with columns for Gold: Gold Bullion, etc.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down despite support

CO-ORDINATED intervention by European central banks failed to put a firm base under the dollar yesterday and sterling also appeared to benefit very little from the rise of 1 per cent to 11 per cent in the bank base rates.

House by Mr Nigel Lawson, the Chancellor. The pound gained 30 points to \$1,470-1,480. It was unchanged at DM 3.8375 and ¥221.25, but rose to SF 2.5225 from SF 2.5150 and fell to FF 9.2975 from FF 9.3025.

meeting last month. The dollar closed weak, however, at DM 3.8375 in Frankfurt, compared with DM 3.8375 on Monday. JAPANESE YEN—Trading range against the dollar in 1986 is 222.70 to 225.25. September average 224.87. Exchange rate index 218.2 against 1985 six months ago.

STERLING—Trading range against the dollar in 1986 is 1.5350 to 1.5700. September average 1.6111. Exchange rate index 76.8 to 77.6, compared with 76.4 six months ago.

EMU EUROPEAN CURRENCY UNIT RATES
Country Central bank rate % change from central bank rate % change adjusted for divergence % divergence

POUND SPOT—FORWARD AGAINST THE POUND
Oct. 14 Day's spot Close One month % Three months % Six months %

STERLING INDEX
Oct. 14 Previous
8.30 am 67.4 67.4
9.00 am 67.4 67.4

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR
Oct. 14 Day's spot Close One month % Three months % Six months %

EURO-CURRENCY INTEREST RATES
Oct. 13 Start 7 days' notice One month Three months Six months One year

CURRENCY MOVEMENTS
October 14 Bank of England % Change %

EXCHANGE CROSS RATES
Oct. 14 £ \$ DM Yen F.F. S.F. H.F. Lira C.S. H.P.

CURRENCY FUTURES
FOUR-4 (FOREIGN EXCHANGES)
Oct. 14 Oct. 13 Oct. 12 Oct. 11 Oct. 10

FINANCIAL FUTURES

Gilts continue to fall

THE MOOD was generally bearish on the London International Financial Futures Exchange yesterday. Long-term gilts for December delivery opened weaker at 111.07, and were drifting lower before the announcement that the Bank of England was sanctioning a 1 per cent rise in UK clearing bank base rates.

tion of the foreign exchanges the increase was also not enough to support sterling. December long gilts recovered a little on late short covering, and buying by Wedd Durbin, closed at 110.95, compared with 111.15 on Monday.

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Strike Dec. Mar. Jun. Sep. Dec. Mar. Jun. Sep.

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OTHER CURRENCIES
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MONEY MARKETS
Bank prompts base rate rise
BARCLAYS BANK led the way to a rise of 1 per cent to 11 per cent in clearing bank base rates, after receiving the green light for such a move from the Bank of England.
At noon the authorities revised an initial forecast of a flat credit position in the London money market to a shortage of around £100m, and offered the discount houses borrowing facilities in the afternoon at a rate of 11 per cent.
The Bank of England did not intervene in the market before lunch, or in the afternoon, but let £10m to the houses for seven days at 11 per cent, after further revising the forecast shortage to around £20m.
Three-month interbank rates to 11 1/2-11 3/4 per cent from 10 1/2-10 3/4 per cent, as dealers pondered the rise in base rates, and hoped Mr Nigel Lawson, the Chancellor, would convince the markets that 1 per cent was enough at tomorrow's Mansion House speech.
Bills maturing in official hands.

World Telecommunications Conference
Key Issues to be discussed:
• How have the recent upheavals in the US market altered the pattern of competition, and what are the likely future trends in American policy?
• How are continental European countries responding to the competitive challenges unleashed by policy changes in the US and Britain, and what are the prospects for closer European collaboration?
• What new types of telecommunications-based services are being planned internationally, and who will provide them?
• What are the prospects for equipment manufacturers in increasingly competitive international markets?
• How can business users get the most out of the new opportunities available to them?
Speakers taking part include:
Mr Geoffrey Patten, MP
Mr Masashi Kojima
Mr Helmut Schmidt
Mr Morris Tanenbaum
Sir George Jefferson, CBE
Mr Bert Halprin
Mr Paul Henson
Mr Cor Wit
Mr Geza Feketelekuty
Mr Robert J Eckenrode
Mr Pierre Suard
Mr Michel Carpentier
Date and Venue:
1st and 2nd December, 1986
Hotel Inter-Continental, London
World Telecommunications Conference
Please send me full details of your conference
World Telecommunications Conference

BRITISH FUNDS

AMERICANS - Cont.

Table of British Funds with columns for Name, Price, and % Change. Includes categories like 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

Table of American Funds with columns for Name, Price, and % Change. Includes categories like 'Over Fifteen Years' and 'Undated'.

Table of Index-Linked funds with columns for Name, Price, and % Change.

Table of Canadian Funds with columns for Name, Price, and % Change.

Table of Banks, HP & Leasing with columns for Name, Price, and % Change.

Table of Chemicals & Plastics with columns for Name, Price, and % Change.

Table of Int. Banks & Overseas Govt Sterling Issues with columns for Name, Price, and % Change.

Table of Drapery & Stores - Cont. with columns for Name, Price, and % Change.

Table of Corporation Loans with columns for Name, Price, and % Change.

Table of Electricals with columns for Name, Price, and % Change.

Table of Commonwealth & African Loans with columns for Name, Price, and % Change.

Table of Food, Groceries, Etc. with columns for Name, Price, and % Change.

Table of Foreign Bonds & Rails with columns for Name, Price, and % Change.

Table of Hotels and Caterers with columns for Name, Price, and % Change.

Table of American Stocks with columns for Name, Price, and % Change.

Table of Building, Timber, Roads with columns for Name, Price, and % Change.

LONDON SHARE SERVICE

Main section of the London Share Service containing multiple columns of stock data for various sectors including Building, Timber, Roads, Drapery & Stores, Electricals, Chemicals, Plastics, Food, Groceries, Etc., Hotels and Caterers, and Industrials.

Engineering - Continued

Table of Engineering stocks with columns for Name, Price, and % Change.

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LONDON STOCK EXCHANGE

Base rate rise takes market by surprise and leads to sharp fall in securities

Account Dealing Dates table with columns for Option, First Declared, Last Account, Dealing Date, and Day.

\*New time\* dealings may take place from 1.30 am two business days earlier.

The timing of the decision by the authorities to allow UK base rates to rise, signalled first at mid-morning in the London money markets, caught stock and bond traders by surprise.

The FT Government Securities Index shed 0.73 to 82.81. On the equity front, the FT-SE 100 index fell 18.8 to 1,562.5, and the FT Ordinary Share Index 13.1 to 1,323.2.

The one point rise in base rates by the major UK banks inevitably raised the question of whether this would be enough to calm markets which were clearly looking for two point increases.

Bank shares, heartened by the move to bring their base rates in line with the money market where the banks finance themselves, held steady, contrasting with the setback in industrials.

recently been unsettled by adverse comment on the interim figures.

Composites failed to extend Monday's good gains. Quotations reacted in sympathy with the general dull trend and closing falls ranged to 13.

Dealers reported a session in TSB and the price settled a penny cheaper at 63 1/2.

Property developers Citygrove staged a successful debut in the Unlisted Securities Market: the shares, placed at 100p, touched 105p prior to closing at 108p, a first-day premium of 8.

An encouraging circular from brokers Wood Mackenzie prompted early strength among selected leading Breweries.

The most active stock was Glaxo Holdings, although the shares were finally little changed on the results. The sharp rise in profits spurred a 30p gain initially, but this was not sustained.

Standard Chartered returned to prominence in the banking sector, closing 20 higher to 77p in response to a Press article highlighting bid possibilities.

FINANCIAL TIMES STOCK INDICES table with columns for Government Secs, Fixed Interest, Ordinary, Gold Mines, Ord. Div. Yield, Earnings Yld. (%), P/E Ratio, Total Returns, Equity Turnover, Equity Bargains, Shares Traded, and S.E. ACTIVITY.

Day's High 1278.8, Day's Low 1262.3, Best 100 Govt. Secs 15/10/26, Fixed Int. 19/28, Ordinary 17/25, Gold Mines 12/25, SE Activity 17/4 - 11/1.60.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8625

Rawtext Mackintosh revived with a gain of 6 at 40 1/2. Elsewhere, Dec Corporation settled 3 cheaper at 21 1/2 in the wake of Monday's placing of 20m shares at 27 1/2 per share.

Glaxo volatile. Glaxo moved up to 96p on news of the better-than-expected 51 per cent annual profit increase to 281.6m, but soon retreated following a neutral analyst's meeting.

interim figures and Ronald Martin also drew strength from favourable trading news with a rise of 8 at 150p. Reed Executive, at 43 1/2, reported the previous year's rise of 75 which greeted details of the company's plans to pass on to shareholders £15m of the £20m it will receive from the sale of Medicaire to Dec.

throughout and closed 7 higher at 37 1/2, but recent takeover favourite Britvac Estate came back to 17p in the absence of any developments.

The elevation of Mr John Gunn, the former Exco head, to chief executive of British and Commonwealth Shipping coupled with the appointment of four new directors caught the imagination.

Countdowns were upset by an analyst's suggestion that the group's profits would be affected by the sanctions against South Africa, and reacted 8 to 28p.

Relative market newcomer TV-am fell 10 to 18p as the interim profits, although more than doubled, still fell short of most market expectations.

Oils dull. The tone in the Oil sector deteriorated sharply on news that Saudi Arabia had joined with Kuwait in seeking higher output quotas.

and 12 respectively. Matsuo hardened a penny to 25p following the placing of 10 per cent of the equity.

London-registered Financials reacted to persistent profit-taking. Consolidated Gold Fields, widely supported recently amid strong traded option business and rumours of a break-up bid, ran back 10 to 69p.

News of the higher-than-expected September trade deficit failed to deter interest, especially for the leading resource stocks. CRA, still enlivened by the Australianisation of the company following RTZ's decision to reduce its stake to under 50 per cent, put on 15 more to 36p.

Money was given for the call of TSB, Charterhouse, Citicorp, First National, First Charlotte, Brunswick, Common Bros, J. Jarvis, Sears, Phoenix Property, Beal, James Wilkes, Albion, Amstrad, Polly Peck and Commercial Union. A put was transacted in TSB, while Pearl and TSB were traded for the double.

YESTERDAY'S ACTIVE STOCKS table with columns for Stock, Closing, Day's Change, and Day's Change %.

MONDAY'S ACTIVE STOCKS table with columns for Stock, No. of Shares, Day's Change, and Day's Change %.

RISKS AND FALLS YESTERDAY table with columns for Stock, Rise, Fall, and Same.

NEW HIGHS AND LOWS FOR 1986 table with columns for Stock, High, Low, and Date.

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-ACTUARIES INDICES showing EQUITY GROUPS & SUB-SECTIONS and FIXED INTEREST with columns for Index No., Day's Change, and Year Appx.

LONDON TRADED OPTIONS

Table of LONDON TRADED OPTIONS showing CALLS and PUTS for various stocks like Allied Lyons, B.P., Com. Gold, etc.

EUROPEAN OPTIONS EXCHANGE

Table of EUROPEAN OPTIONS EXCHANGE showing various stock options with columns for Series, Vol., Last, and Price.

BASE LENDING RATES

Table of BASE LENDING RATES showing various bank rates for different terms and currencies.

Handwritten note: 'choice 1/2'

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WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, Canada, Denmark, Italy, France, Netherlands, and Switzerland. Each section lists various stocks with their prices and changes.

Table of Canadian stock markets including Toronto and Montreal. It lists various Canadian stocks and their market performance.

Indices

Table of various stock indices including New York, London, and N. American Quarterly Results. It provides historical and current index values.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of over-the-counter stock prices from the Nasdaq national market, listing various stocks and their closing prices.

LONDON Chief price changes

Table of London stock market price changes, listing various stocks and their price movements.

N. AMERICAN QUARTERLY RESULTS

Table of quarterly financial results for various North American companies, including revenue, profit, and other key metrics.

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Advertisement for 'INTERNATIONAL PROPERTY REVIEW' with contact details and a logo.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock name, price, and change. Includes sub-sections like 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

Continued on Page 39

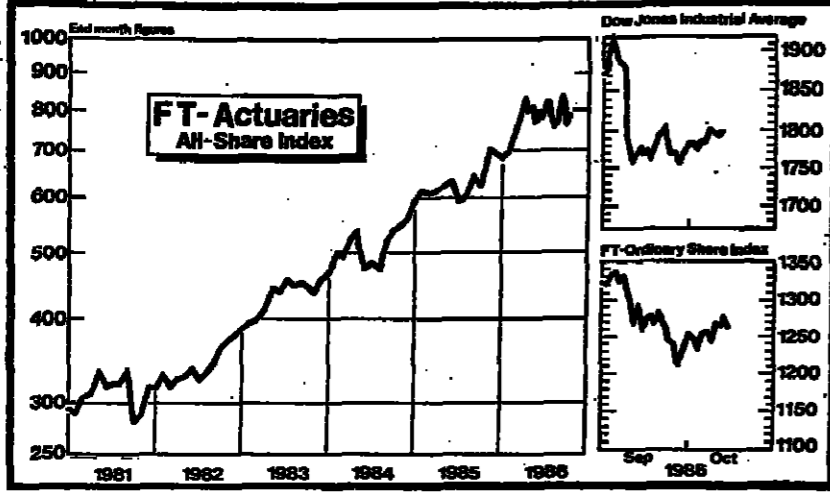
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# FINANCIAL TIMES

## WORLD STOCK MARKETS

### KEY MARKET MONITORS



STOCK MARKET INDICES			
NEW YORK	Oct 14	Previous	Year ago
DJ Industrials	1,800.20	1,788.37	1,254.73
DJ Transport	827.63	829.38	680.58
DJ Utilities	198.30	198.76	154.34
S&P Composite	235.37	235.91	186.37
LONDON			
FT Ord	1,262.3	1,275.4	1,023.9
FT-SE 100	1,592.5	1,612.3	1,211.1
FT-A All-shares	797.49	794.94	643.00
FT-A 500	880.65	870.58	703.99
FT Gold mines	321.5	322.2	298.9
FT-A Long gilt	10.41	10.30	10.17
TOKYO			
Nikkei	17,318.07	17,338.73	13,017.3
Tokyo SE	1,466.56	1,462.14	1,038.93
AUSTRALIA			
All Ord	1,350.5	1,338.7	1,036.5
Metals & Mins	719.2	706.0	528.2
AUSTRIA			
Credit Aktien	229.58	230.29	203.09
BELGIUM			
Belgian SE	3,776.41	3,782.72	2,842.65
CANADA			
Toronto	2,120.3	closed	1,837
Metals & Mins	3,018.1	closed	2,518.1
Montreal	1,524.64	closed	126.81
DENMARK			
SE	n/a	193.63	232.43
FRANCE			
CAC Gen	388.10	388.70	209.3
Ind. Tendence	150.20	150.90	75.1
WEST GERMANY			
FAZ-Aktien	896.64	890.39	544.37
Commerzbank	1,886.80	1,877.70	1,628.7
HONG KONG			
Hang Seng	2,248.22	closed	1,594.36
ITALY			
Banca Com.	754.78	754.40	404.27
NETHERLANDS			
ANP-CBS Gen	274.20	274.40	212.4
ANP-CBS Ind	275.60	275.90	199.7
NORWAY			
Oslø SE	374.99	374.89	372.53
SINGAPORE			
Straits Times	882.82	884.03	749.83
SOUTH AFRICA			
JSE Golds	—	1,986.0	1,083.3
JSE Industrials	—	1,375.0	979.8
SPAIN			
Madrid SE	199.12	198.75	87.61
SWEDEN			
J & P	2,513.44	2,496.87	1,343.61
SWITZERLAND			
Swiss Bank Ind	561.70	559.70	485.0
WORLD			
MS Capital Int'l	345.0	346.70	227.2
COMMODITIES			
(London)	Oct 14	Prev	
Silver (spot fixing)	392.05p	394.50p	
Copper (cash)	£319.00	£317.25	
Coffee (Nov)	£2,122.50	£2,232.50	
Oil (Brent blend)	\$13.80	\$13.95	
GOLD (per ounce)			
(London)	Oct 14	Prev	
London	\$428.50	\$432.25	
Zürich	\$428.375	\$432.625	
Paris (fixing)	\$429.80	\$431.59	
Luxembourg	\$431.40	\$431.50	
New York (Dec)	\$430.50*	\$437.20	

### WALL STREET

## Stocks fail to hold early gains

FAILING to hold on to modest early gains, stock prices closed mixed in light and nervous trading on Wall Street yesterday, writes Roderick Oram in New York.

Credit markets drifted lower as they waited for the next round of economic data due out over the next three days.

The Dow Jones industrial average closed up 1.83 at 1,800.20. Broader market indices were lower, however, with the New York Exchange composite index off 0.34 at 1,355.55. NYSE volume was 17.7m with declining shares outnumbering rising by about four to three.

Prices were modestly ahead by early afternoon but trading on the NYSE was halted for almost an hour by a fire in administrative offices. When trading resumed, the tone of the market had changed and a discount on stock index options brought lower prices in the cash market.

Among blue chips, Sears Roebuck was ahead 3/4 at \$41 1/4, Procter & Gamble was up 3/4 at \$72 1/4, Bethlehem Steel was off 3/4 at \$7 1/4 and Du Pont was off 1/4 at \$80.

The transportation index, bolstered by airline stocks benefiting from rising fares and falling oil prices, traded above its previous record of \$30.84 set on March 31 before closing at \$27.63, down 1.75 points on the day. Major airlines are preparing across the board fare increases for late this month and the fuel prices are likely to fall further now Saudi Arabia has opposed extension of Opec's temporary production quotas. Moreover, the recent spate of airline mergers has reduced competition.

Deita rose 1/4 to \$49 1/4 yesterday, American Airlines was ahead 5/4 to \$60 1/4, United gained 3/4 to \$58 1/4 and Texas Air, poised to become the largest US airline after taking over People Express, gained 1 1/4 to \$35.

The news about Opec was bad for oil companies, however, leaving Exxon down 3/4 to \$68 1/4, Texaco off 3/4 to \$33 1/4, Chevron off 1 1/4 to \$42 1/4 and Royal Dutch Petroleum down 3/4 to \$89.

One leading analyst said third-quarter results of the oil majors will be the worst in 10 years, with refining margins continuing to deteriorate while exploration and production activities are at best only marginally profitable if not actually loss-making.

Leading banks showed yesterday a mixed third-quarter performance. J. P. Morgan fell 3/4 to \$63 1/4 on a slight profit easing while Chase Manhattan edged down 5/4 to \$38 after reporting quarterly profits of \$1.55 against \$1.74 and larger loan loss reserves.

Among other banks, Security Pacific eased 3/4 to \$64 1/4 despite reporting higher profits.

Paper companies showed strength on favourable analyst reports. International Paper rose 5/4 to \$89 1/4, Fort Howard gained 3/4 to \$47 1/4 and Great Northern Nekoosa rose 3/4 to \$59 1/4. Boise Cascade eased 3/4 to \$58 1/4, however after it reported profits of 38 cents a share in the strike-affected third quarter against last year's 65 cents.

High technology stocks were generally lower. IBM, which reported a 27 per cent fall in third-quarter profits on Monday, fell another 1/4 to \$120 1/4 despite its price/earnings ratio being well below the market as a whole.

Reflecting the computer industry's poor performance and bleak outlook, Honeywell fell \$1 to \$86 1/4 after it reported lower earnings. Similarly Burroughs was off \$1 at \$89 1/4, and Apple eased 3/4 to \$34 despite higher profits.

Among the leading semiconductor makers, Motorola was off 3/4 to \$35 1/4 and National Semiconductor fell 3/4 to \$9 while Intel, which recently reported a large loss, was unchanged at \$19 1/4.

### EUROPE

## Government crisis hits Brussels

A ROW THAT split Belgium's Flemish and French-speaking ruling coalition threatened to bring down the Government in that country yesterday. Prime Minister Wilfried Martens submitted his resignation to the King early in the day and news of the move sent shock waves through the market.

Brussels' market indicator, the Belgian stock exchange index, dropped 16.29 to 3,776.41 on a late selling bout, and prices ended at their lows for the day and moderately below Monday's close.

Belgium's King rejected the resignation, putting it in suspense, and if the situation is not resolved today, brokers expect further selling.

Market barometer, oil group Petrofina, dropped BFr 110 to BFr 9,100 after opening only BFr 20 lower, while holding company Tractebel slipped BFr 120 to BFr 6,000.

Retail issue GB-Inno-BM shed BFr 60 to BFr 8,200 as the company said it planned a one-for-10 stock split and BFr 1.5bn bond issue carrying warrants.

Frankfurt was one of the few European bourses to display any life yesterday as foreigners stepped in to take advantage of an empty market. The Commerzbank index gained 19.1 to 1,998.8 after languishing in the doldrums for several days.

Despite continued concern over the weakness of the dollar - the currency halted its fall in the morning after reported intervention by several European central banks - car maker VW caught investors' attention and shot up DM 13.50 to DM 485. Other car shares were also winners, with Daimler recording a gain of DM 6 to DM 1,226 and BMW registering a similar advance to DM 611.

Deutsche Bank was also a star performer on the day, adding DM 10.50 to DM 800.50.

Service sector group IVG, whose shares were offered to the public at DM 185 in a re-privatisation programme by the Government, yesterday traded at DM 188.

Bonds were easier, kept lower by uncertainty on foreign exchange markets. Foreigners were net sellers, pushing prices an average of 25 basis points lower.

The Bundesbank bought a small DM 4.4m worth of domestic paper after purchasing DM 129.5m during Monday's dramatic selling spree.

Stockholm also turned higher after a depressing start to the week and despite a national strike. Volume picked up some pace too, rising to SKr 306m worth of stock traded against only SKr 205m in the previous session.

Volvo topped the active list gaining SKr 7 to SKr 379 but rival Saab was not as fortunate, shedding SKr 5 to SKr 685 as it warned that it may have to lay off around 11,000 workers because of the strike.

Oslø was quiet but healthy. Amsterdam closed narrowly mixed in virtually stagnant trading, while Milan showed a similar trend on the eve of monthly settlements.

In the Italian insurance sector, General continued to respond to rumours that a significant stake may change hands. The issue rallied to L130,400, up L2,850 after reaching as high as L131,900.

Zurich experienced some bargain hunting but most prices ended mostly steady. Swiss Re was unchanged at SFr 17,500, while Helvetia, a smaller insurer, advanced SFr 15 to SFr 3,540. Bonds were also steady.

Paris turned lower towards the close as investors remained unwilling to take new positions.

Galleries Lafayette put on FFr 15 to FFr 1,030 despite falling into the red for the first half of this year. The group

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### TOKYO

## Strong start succumbs to selling

THE UNCERTAIN market outlook kept trading thin in Tokyo and share prices closed slightly lower after fluctuating erratically, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei average ended at 17,318.07, down 20.86 points from the previous day. The closely watched market barometer scored a gain of 108 points in early trading, but suffered a loss of 241 points shortly after the start of afternoon trading.

Volume totalled 359.19m shares compared with Monday's 243.69m. Losers outnumbered gainers by 447 to 353, with 118 issues unchanged.

The market got off to a strong start, supported by small-lot buying from the dealer sections of securities houses. Investors were relieved at news that the New York Stock Exchange was steady on Monday despite the outcome of the US-Soviet summit meeting in Reykjavik, Iceland at the weekend.

But large-capital stocks, which had been bought heavily between late September and early October, came under small-lot selling pressure which dampened investors' enthusiasm. Towards the close the market recouped most of the early losses, helped by investment trust companies' buying.

An official of a major brokerage company said that investors, still concerned about the market direction, concentrated trading on issues sought by investment trusts and dealers to earn short-term capital gains.

On the trading floor, medium and small-capital blue chips fared well. Canon rose ¥40 to ¥1,060, Anritsu Electric ¥240 to ¥2,480 and Pioneer ¥140 to ¥2,220.

But recently selected large-capital stocks continued to decline. Tokyo Gas, although topping the active list with 15.12m shares changing hands, lost ¥30 to ¥1,060. Ishikawajima-Harima Heavy Industries, third with 12.22m shares, fell ¥25 to ¥550, while Nippon Kokan closed ¥8 lower at ¥282.

Hitachi shed ¥10 to ¥1,070, Toshiba ¥17 to ¥705, Mitsubishi Electric ¥34 to ¥480, Mitsubishi Heavy Industries ¥25 to ¥518 and Tokyo Electric Power ¥200 to ¥7,850.

After opening lower, bond prices firmed, bolstered by bid securities houses' buying.

The yield on the benchmark 6.2 per cent government bond, maturing in July 1995, rose to 4.820 per cent in early trading and then moved in the 4.800 per cent range.

In the afternoon session, big brokerage houses placed large buy orders, pushing the yield on the benchmark issue down to 4.780 per cent, compared with Monday's close of 4.805 per cent.

**CANADA**  
ACTIVE TRADING saw Toronto easing slightly, partially recovering a modest early loss.

Metals and mines edged higher while golds, oils and utilities took the market lower. Concern over possible difficulties in reaching an increased Opec output limit hit oils.

In Montreal industrials were higher while utilities were lower.

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# FINANCIAL TIMES SURVEY

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## The Olympic Contenders

Money has become as much a driving force as prestige in the competition by six leading world capitals to stage the 1992 Olympics

### Cities race for gold

By Arthur Smith

THE Olympic Games is a multi-million pound business beset by high politics. It could hardly be any other after Los Angeles in 1984 when entrepreneur Mr Peter Ueberroth cut costs and created the commercialism to deliver a profit of \$215m—the first surplus in the history of the modern games.

The consequences of that financial revolution can be seen this week at the Chateau de Vidy, Lausanne, on the shore of Lake Geneva, elegant headquarters of the International Olympic Committee, the movement's governing body. Six cities—Amsterdam, Barcelona, Belgrade, Birmingham, Brisbane and Paris—are jostling to present their case to host the 1992 summer Olympics.

For the 1988 Games there were only two candidates—Seoul in South Korea and Nagoya, in Japan. The decision is taken six years ahead, and then the memory last time around was only of the \$1bn loss of the 1976 Olympics at Montreal and the millions lavished by the USSR on the Moscow Games 1980.

The 1992 Games have a symbolic significance in that they mark the centenary of the appeal for a revival of the ancient Olympics by Frenchman Baron Pierre de Coubertin, a legendary figure in the movement.

More than that, they will pose starkly the pressures commercialism rather than politics is placing upon the Coubertin ideal of the Olympics as the place for the glorification of the athlete and for building international goodwill.

changes that have been taking place within the International Olympic Committee, particularly the increase in headquarters staff since 1980 as new responsibilities have been taken on. For the first time the IOC will be negotiating direct with television companies for the rights to the Games. At Seoul, as in the past, the deal has been struck with the South Korean national organising committee.

The IOC had already taken over negotiations about marketing and sponsorship rights. Agreement was reached last year under which ISI Marketing, a Swiss-based company controlled by Mr Horst Dörsner, founder of sports goods manufacturer Adidas, will market the Olympic name and deal with the sponsors.

Whichever city wins the bid for the 1992 games control over the crucial elements of revenue will be exerted from Lausanne and by one man in particular, Mr Juan Antonio Samaranch, president of the IOC. Since his election in 1980 he has sent the winds of change whistling through the Movement.

The softly spoken Mr Samaranch, a wealthy 66-year-old industrialist and Spain's first ambassador to the Soviet Union in 1976, is every inch the diplomat. In a life-time's involvement with the Olympic movement he knows everyone and mixes easily with all, whether athletes or head of state.

The first shock to the system came when he moved home from Spain to establish himself at the Lausanne headquarters. This was a change from the style set in the 1960s and 1970s by Mr Avery Brundage, the



wealthy American who operated principally out of Chicago with just a handful of people in Switzerland.

During the 1970s under Lord Killanin, the numbers at the Chateau de Vidy crept up to just over a dozen. Now there are about 80 and new premises have had to be acquired.

Michelle Verdier, head of the Press office, says: "We have changed from being general administrators. We have a lot more specialists and technical people."

Such professionalism is necessary, given the growing complexity of the games, the widening role of the IOC and the need to acquire the expertise to deal on more equal terms with the main paymasters—the television companies and the sponsors.

While ticket sales, lotteries and special issues of coins and stamps are money spinners, the main source of revenue is television rights, particularly for the US market.

In 1948 the BBC paid a \$1,500 "facility fee" to broadcast the London games. But it was not until the 1960 Rome Olympics that the sale of the rights became a real issue. In 1984 ABC paid \$225m for the US alone.

It was also the 1984 games that showed the way to handle sponsorship. Admittedly the pressure was on a private company run the Los Angeles Olympics with the city prohibiting public funding. The IOC was forced to accept this because there had been only two candidates and one of those, Tehran, pulled out.

Mr Ueberroth, as the entrepreneur in charge, restricted the number of sponsors, going merely for the big companies prepared to pay from \$4m to \$15m each. Costs were cut by making use of existing facilities or calling upon companies to provide new ones. Critics dubbed it the "Hamburger Olympics" after McDonalds paid \$4m for a swimming complex.

The lessons of Los Angeles have not been lost upon the six candidates for the 1992 games. Most make great play of how existing facilities can be utilised but equally cautious that commercialisation must be controlled to allow the Olympic ideal to remain supreme.

The IOC is still divided on how professional the games should be allowed to become and whether the doors should be opened wide to athletes paid officially for services.

Mr Samaranch, backed by his growing headquarters staff, might have moved too far too fast for some members. For all the changes in sport in recent years the IOC as the ruling body remains very much the forum of the committed amateur.

Each country recognised by the IOC is allowed one member—two if it is particularly large or has previously hosted the games. They are unpaid but can claim expenses. They are usually male and from a wealthy elite—government officials, former ambassadors, company directors, army officers and even nobles.

These are the people who on October 17 will cast their votes in secret ballots on which city should host the 1992 summer Olympics. The exception will be Mr Samaranch: he comes from Barcelona, favourite for the games, but has taken a neutral public stance and declared he will not use his vote.

Much as he has tried to distance himself from the decision he seems likely to be criticised whatever happens. Victory for Barcelona could be interpreted as a reflection of his dominant influence within the movement; defeat as rebuff to the man and the changes he has introduced.

Observers believe Barcelona, after four previous attempts and coming from the one leading west European nation yet to host the Olympics, will pull the most votes in the first round. Even with the expected backing from the Spanish-speaking Americas, support may fall short of a majority, however.

Paris, with its beguiling attractions, is also expected to attract a lot of votes. The timing of recent terrorist bomb attacks in the city has put an unfortunate blot upon

what had been a very smooth campaign. But of the six contenders, only Brisbane has escaped such outrages in recent years. Terrorism has become an accepted fact and all candidates have laid great stress upon the security measures they will take.

Another issue that observers believe could prevent Paris voting its full weight is that France also has a contender for the winter Olympics.

Three countries in the past have managed to host both games; France in 1924, the US in 1932 and Germany in 1936. But the IOC, faced with an unprecedented number of candidates—six for the summer and seven for the winter games—is hardly likely to want to see one country walk off with all the honours.

France knows that it has a strong contender for the winter in Albertville in the Savoy region and continues to press its case. But there is no doubt, given the option, it is Paris that is top priority.

While France seems happy to try to ride two horses, competitors believe the secret voting system used by the IOC could undermine the ambitions of Paris. On October 17 members will vote first on the winter Olympics but the winner will not be declared until after they have voted also on the summer games.

Birmingham, a late entrant to the race which has come through strongly because of the technical excellence of its facilities, believes its chances will increase the longer the voting continues. The traditional rivalry between France and Spain could mean that votes will switch elsewhere to allow in a compromise candidate.

Belgrade, for all the merits of its case, is seen as the outsider. It is not clear how much support from the Soviet Union and eastern block will become forthcoming. The lack of spending on promoting the bid could indicate Belgrade has its eye on future games rather than 1992.

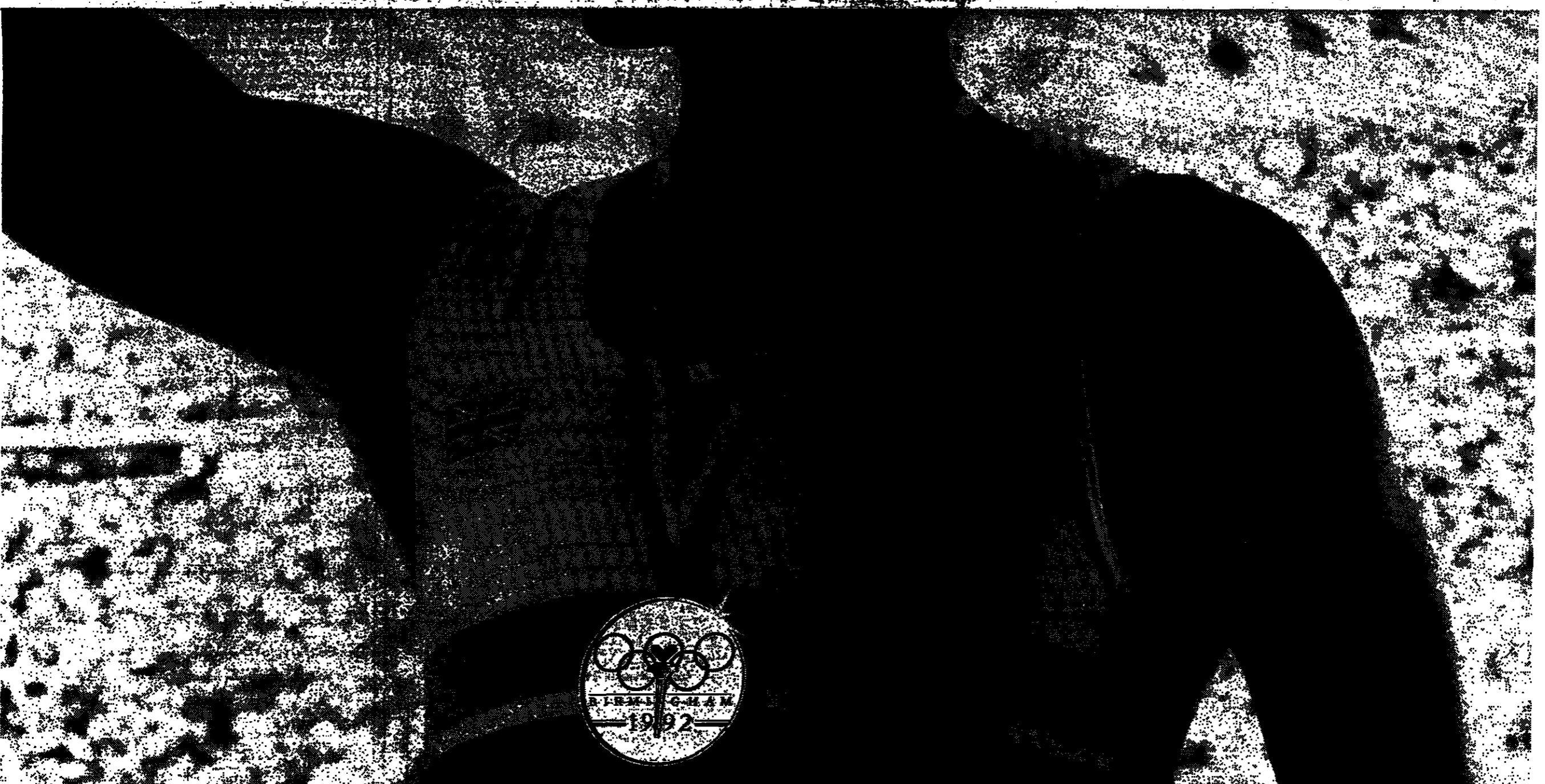
There has also been something of a lack of conviction about the campaign by Amsterdam which has been hampered by internal opposition from environmentalists. Big business has, however, given powerful financial support.

Brisbane is another strong candidate but may suffer from history: after the Pacific venues of Los Angeles in 1984 and Seoul for 1988 there is a belief the games should return to Europe.

The only certainty about the outcome of the vote is that there will be five disappointed cities. In true Olympic tradition only one competitor will achieve the gold.

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## Birmingham. Olympic finalist.

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THE OLYMPIC CONTENDERS 2

Paris

Coubertin centenary raises hopes

THERE IS a confidence about the Paris bid that competitors might tend to criticise privately as arrogance. The city knows its undoubted cultural and tourist attractions and puts forward its claim in typical French philosophical and historic terms.

Paris argues that the 1992 games are the only ones it is interested in because that year marks the centenary of the appeal launched by Baron Pierre de Coubertin—Frenchman and legendary figure within the Olympic movement—for a revival of the ancient games.

Mr Jacques Chirac, Mayor of Paris, Prime Minister, and ardent supporter of the bid declares: "France and Paris feel that this anniversary embodies a requirement as well as a duty. That is the idea behind the candidacy of Paris."

Barcelona makes great play of the fact the Olympic torch has never burned in Spain. Paris staged the games in 1900 and again in 1924. But Mr Chirac maintains: "On both occasions, the celebrations had been organised under extremely difficult conditions."

He points in particular to the ordeal the nation had undergone in the First World War: "Now that our country is fortunately sheltered from such upheavals, the 1992 games will offer Paris the exceptional opportunity to solemnly honour

the memory of the man who helped revive Olympism."

The Prime Minister pushed home the philosophic thrust of the Paris bid to make the games "a symbol of peace and harmony among peoples."

He says: "Our aim is to provide a 'soul' to the 1992 games, thereby enabling them to represent an historic moment. Thanks to its rich 2000-year-old past as well as its modernity, Paris is quite capable of materialising such hope."

The great advantage for Paris over cities like Birmingham and Brisbane is its international reputation as a place of beauty. Its publicity material can even devote a whole page to the climate in the season scheduled for the Games: "The loveliest time in Paris—it has now become obvious and notorious—is the month of August."

Paris's importance as a centre for fashion and entertainment prompts Mr Chirac to say: "In which other candidate city can guests visit a different museum every day and contemplate what centuries of culture have bequeathed to the world in treasures art and civilisation?"

A site in the heart of the city has been chosen for the building of the Olympic village in acres of parkland at Berry-Tolbiac. The complex, including luxury accommodation, shopping centre, restaurants and leisure facilities, will be built on either side of the Seine.

The sports halls and swimming pool will be in the same area with the planned new Olympic stadium, the venue for the track and field events, 10 minutes away by coach. The site was chosen because of accessibility to the road network to cut down travelling time.

The problem of traffic congestion in the city is one upon which the critics concentrate. But the organisers insist that in August, when many Parisians have left the city on holiday, the traffic will flow. They argue it will take 50 minutes at the most to get to the furthest site—Fontainebleau—where the modern pentathlon is being staged.

Indeed, Paris claims to be one of the best equipped cities in the world for public transport, pointing to the metro, bus and rail services. Every Olympic site is said to be close to some form of transport.

The six main central railway stations handle up to 100m passengers a year, while the underground network has 15 lines connecting 364 stations.

The three international airports every week handle aircraft from more than 280 cities bringing in an estimated 30m passengers.

Apart from the sailing events which will be on the Mediterranean at Hyeres, and the early rounds of the soccer, all the

other competitions will take place within 60 kilometres of the Olympic village.

Paris maintains that its existing sporting facilities mean that some four-fifths of the required locations are already almost available for use.

The two main venues still to be constructed are the 80,000 seat Olympic stadium, to be located 9 km from the athletes' village at Vincennes park, and the swimming centre at Tolbiac.

The 250,000 spectators forecast to attend the various meetings every day, corresponds exactly with the tourist influx to Paris every August. The city argues that there will be no problems with accommodation.

The city has nearly 1,000 hotels with more than 62,000 rooms. A campaign is also to be launched to encourage people to welcome visitors to their homes—seen as a way of achieving one of the goals of the Olympic movement and "develop friendship between peoples."

Paris points also to an advantage from the progress France has made in the electronics and telecommunications industries.

The Olympic Games have become the event which, within the very brief course of two weeks, generates the most information and requires the largest number of instantaneous transmission tools.

Mr Chirac argues that the technology available in France will guarantee to the 114 foreign television networks "perfect distribution of images and total security of signals."

The biggest blow to the aspirations of Paris has been the recent spate of terrorist bombings in the city. Mr Chirac had stressed in the submission of the bid: "France has no enemies; she cultivates friendship with all countries. The International Olympic Committee will find in Paris a serene and politically neutral climate."

Behind that claim is the belief that France, whose athletes have attended all the Olympic Games, could avoid the problems of boycotts, such as that by African states at Montreal in 1976, the US and West Germany at Moscow in 1980, and the Soviet Union and eastern bloc at Los Angeles in 1984.

Security backed by a 144-page brochure submitted to the IOC has always been a key part of the Paris bid. The city argues that because most of the events would be concentrated in a small area, policing would be the more efficient.

The Olympic village would have a double fence, wall-walks, cameras, radar and for the risk a somewhat strengthened protection."

Recent bombings and the lessons that have been learned will strengthen the determination of



The IOC headquarters at Lausanne, where the Paris case will be judged along with the five other contenders.

the French to demonstrate the city can be made safe.

Certainly there is political unity and no expense will be spared. Nearly two years ago a protocol agreement was signed that any budget deficit caused by the games will be met by the public sector—50 per cent from the state, with the balance split between the city of Paris and the region.

Nor is there lack of commitment to Paris in spite of the fact that France is also one of the front runners for the winter Olympics at Albertville in the

Savoie region.

The guiding principle of the Olympics that the games should be shared around the world means it is unlikely two cities from the same country would be selected to host both. There are precedents from the inter-war years with France in 1924, the US in 1932 and Germany in 1936, but these are likely to be ignored.

While both President Mitterrand and Prime Minister Chirac would prefer the prize of the summer rather than the winter olympics, the Albertville bid

has been pressed seriously. Some observers believe that this could put Paris at a disadvantage under the secret voting system used by the International Olympic Committee. On October 17 members will vote first on the Winter Olympics but the winner will not be declared until after they have voted also on the Summer games.

Such calculations are dismissed by the Paris supporters. They exude confidence—up to the point of arrogance.

Arthur Smith

Natural publicist with a place in establishment

MR ALAIN DANET, lawyer, successful sportsman, and promoter of the bid for the 1992 Olympic Games, is a member of the establishment.

A tall, lean, 65-year-old, he retains the grace of an athlete and the manners of an ambassador. His aides enthuse about the value of his personal contacts within the 80-member International Olympic Committee.

It could hardly be otherwise. At the age of 30, having represented France first over the 400 metres and then as a hockey player, he became a member of the National Olympic Committee—a record that has seen him involved in every Games over three decades.

Entry to the sporting world was easy. On June 23 1952, at the age of just 12 months, he became a member of the Racing Club of France—the largest sports club in France. In spite of its somewhat elite membership, it has trained many Olympic champions in its swimming pool and on tennis courts in parkland just a few minutes drive from the Champs Elysees. The informal but fashionable restaurant tends to swing in political popularity and is currently reckoned to be the haunt of the left.

Mr Danet's father was a former president of the Racing Club. He took over the unpaid

Paris did not go for the 1992 Games but determined 1992 had a symbolic significance as the centenary of the appeal launched by Baron Pierre de Coubertin—Frenchman and father of the modern Olympics, for a revival of the games.

Mr Danet has travelled the world to visit members of the International Olympic Committee to present the case for Paris. Many, understandably, have been tempted to the city to see for themselves.

In just three weeks in the hectic run-up to this week's vote in Lausanne he flew from Paris to Delhi, Lahore, Kuala Lumpur, Jakarta, Hong Kong, Malaysia, Taiwan, Tokyo, Seoul and back to Paris.

Mr Danet enjoys two natural advantages, according to Mr Philippe Baudillon, his personal assistant: "One, most people in the Olympic movement know him and two, Paris is known to everyone."

Perhaps less well-known but of great embarrassment to the sports administration in France is the Frenchman's longstanding lack of interest in athletics.

Mr Maurice Herzog, former director of sports in the Ministry of Sports and seconded to help promote the Paris bid, confesses: "Sport is not yet ingrained in the French people as it is in West Germany, Great Britain or the US."

He points out that it was an initiative by President General De Gaulle, after disappointment at the performance of France in the 1952 Olympics, that led to a strong Government role in promoting sport.

Mr Herzog, now 58 and after serving under nine sports ministers in 25 years, argues that great progress has been made. Some 12m people were involved in sports associations—four times the number in the 1960s. He underlines the argument that the importance to Paris of winning the 1992 is for the benefit of sport throughout the country: "French standards in sport are not high enough. We could do a lot better."

Any profit that might be made from staging the Games would be fed back into sport. Investment upon buildings for the facilities would ensure the development of the nation's youth.

Mr Danet takes up the point: "Merely to stage the games in a country is a great stimulus to all its sports, raising the aspirations and performance of its athletes."

Given the philosophy and the drive behind the Paris bid, how did Mr Danet think the IOC members would vote?

"If we tried to count how people might vote we would merely drive ourselves mad. The people who vote will have their own ideas about the Olympic movement. Our main purpose is to explain the philosophy of Paris."

In the words of an aide: "If we counted all the votes we had been promised there would be 189 people voting in Lausanne not 89."

Profile  
Alain Danet

'We need the games, not for the benefit of our economy but to raise the standards of our sport, to offer a goal to our youth...'

role two years ago but it now takes only a limited amount of his time. According to an aide: "Alain is working 200 per cent for the success of Paris in the Olympics."

Paris was early into the race for the 1992 Olympics: Chirac declared publicly at the 1984 Games in Los Angeles that his city would be a contender. Danet, with a promotion budget of about \$2m, has been working flat out for nearly two years now.

He is a natural publicist as the advertising manager for 15 years of Paris Match and a man who subsequently set up his own fashion magazine. He remains a consultant to the French group, Poulain.

Mr Danet knows he has public support across the political spectrum and financial backing. Any loss that the games might suffer would be met 50 per cent by the Government with the rest picked up equally by the City of Paris and the Ile-de-France regional body.

But he insists: "It is not a question of money. It is a question of philosophy. We want the games. We need the games, not for the benefit of our economy but to raise the standards of our sport, to offer a goal to our youth and promote the ideals of the Olympic movement."

Mr Danet says that the idea of Paris as a venue for the games emerged in the wake of the boycott by the US of the 1980 Moscow Olympics and "the debate about whether a permanent location should be adopted away from the power block politics.

Arthur Smith

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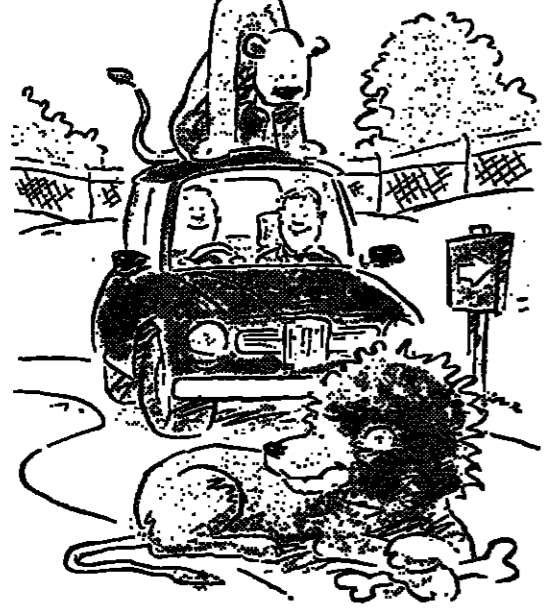
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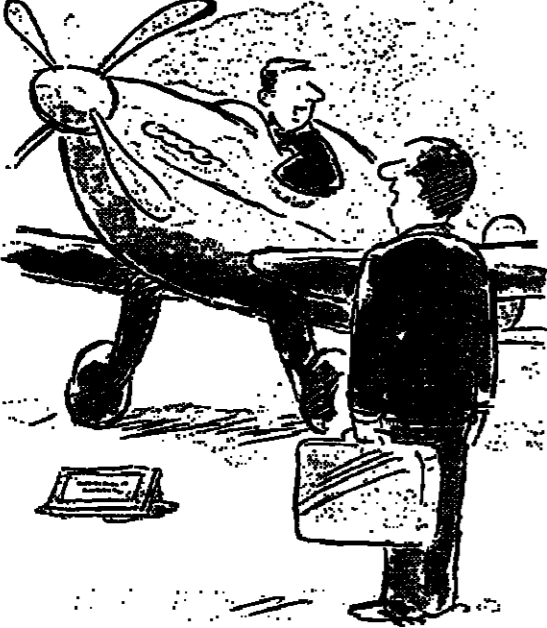
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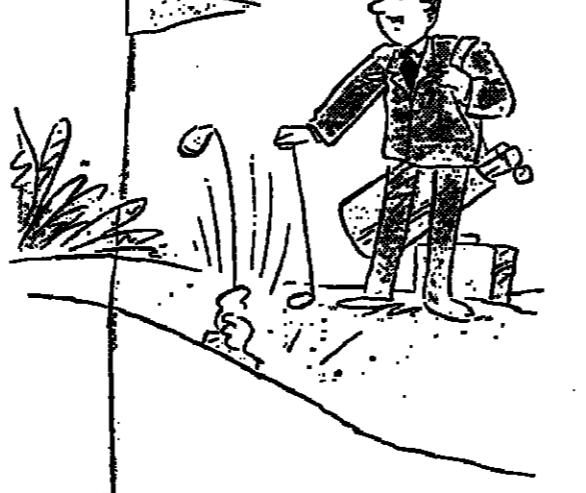
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THE OLYMPIC CONTENDERS 3

Birmingham

Latecomer emerges as a leader

BIRMINGHAM was a latecomer to the Olympic bid—the city only decided in May last year to enter the fray—but it has rapidly emerged as a leading contender. The key to the acknowledged technical strength of its proposals is the plan to build the Olympic village next to the successful National Exhibition Centre at the heart of the UK's transport network.

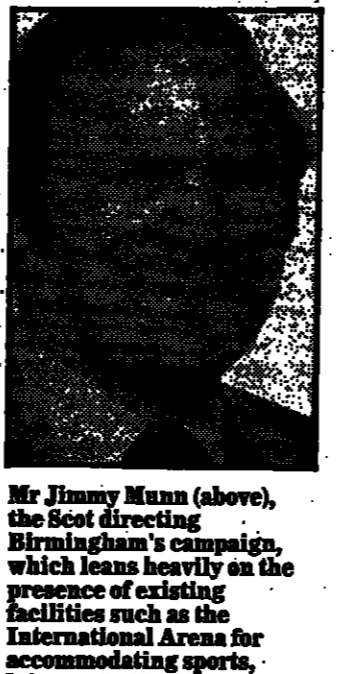
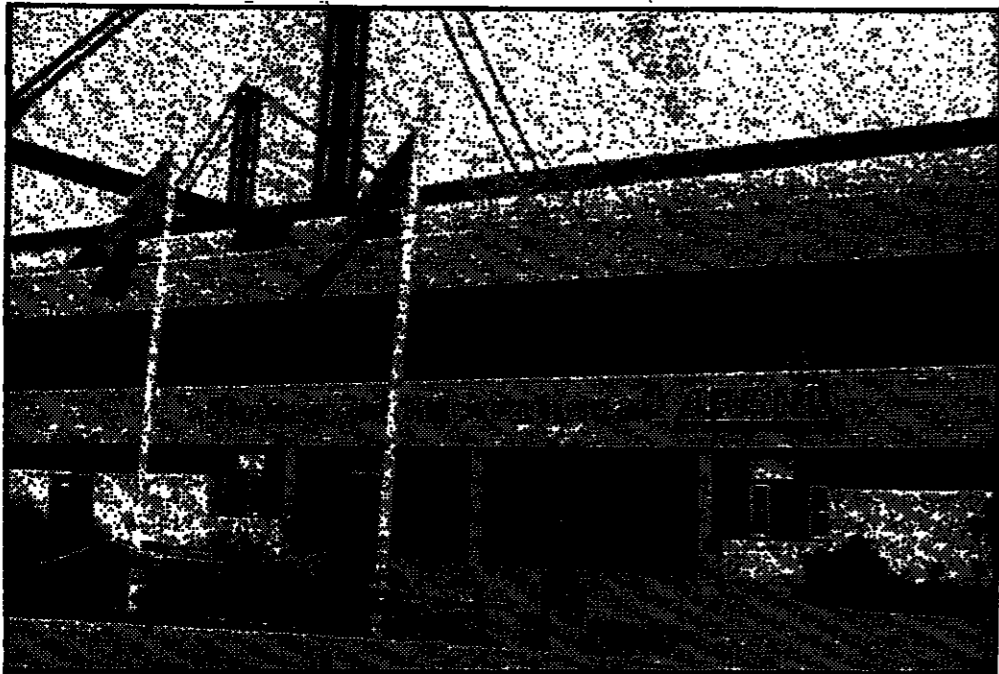
Mr Denis Howell, the former Labour Sports Minister and Birmingham's ambassador for the bid, is not bashful. "We have created a concept without precedent at any previous games. An island site, totally secure, within which we shall provide the village, the stadium and most of the main sports halls."

Capital cost is kept to the minimum by taking advantage of existing facilities and road and rail links. Spending is estimated at US\$230m, of which \$133m will be for the main stadium and \$90m for the Olympic village.

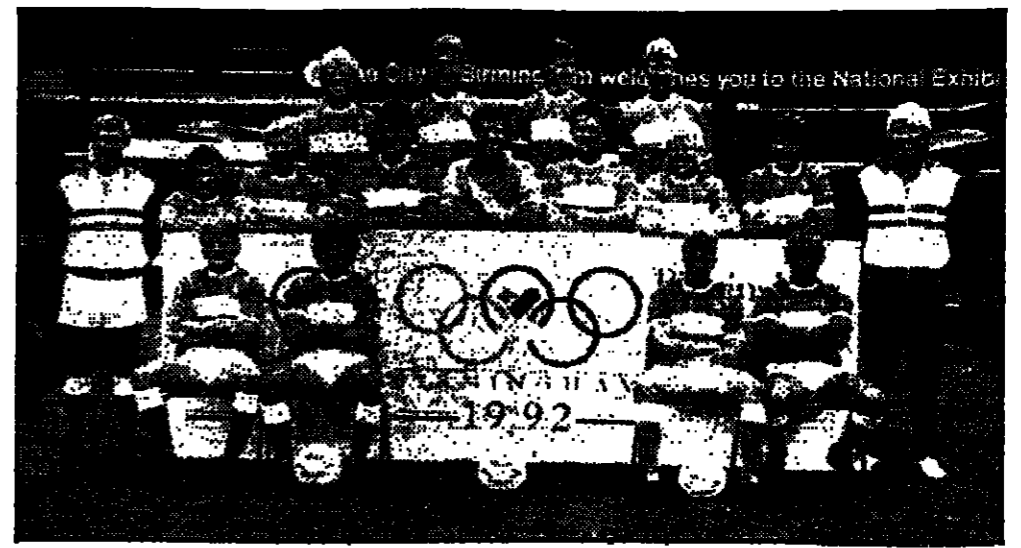
with a further 32 per cent within 25 miles. The only distant sport is yachting, which would be located on the south coast at Weymouth, selected by the Royal Yachting Association as the most suitable site in the British Isles. Helicopter transport would be provided to Birmingham.

Birmingham is already geared to handle events like the Olympics without major investment. The new 200m airport has regular flights to 64 cities, and a special terminal would speed access for athletes and officials.

particular, is already geared to handle events like the Olympics without major investment. The new 200m airport has regular flights to 64 cities, and a special terminal would speed access for athletes and officials.



Mr Jimmy Munn (above), the Scot directing Birmingham's campaign, which leans heavily on the presence of existing facilities such as the International Arena for accommodating sports, Press and officials



A sporting connection: Birmingham City Football Club and the campaign logo outside the National Exhibition Centre

Labouring for sports

Profile

Denis Howell



MR DENNIS HOWELL, former soccer referee, veteran politician and Labour spokesman for Sport, was the obvious choice to lead Birmingham's campaign to host the 1992 Olympics.

sun approach of some of his rivals: "The target has to be the members of the IOC. They are the people who will decide."

MERCI PIERRE. 1892 You resuscitated the Olympic Games. 1992 Paris is ready. PARIS 1992 [Olympic rings logo] Pierre de Coubertin

THE OLYMPIC CONTENDERS 4

Amsterdam

Cosy and frugal aesthetic appeal



The planned Olympic Stadium is six miles from central Amsterdam and would seat 78,000 people.

"GEZELLIG," the Dutch word meaning cosy, is a good way to describe Amsterdam's bid to host the Olympics. Most of the sporting events would be held in or near Amsterdam, itself a compact city.

Frugal is the other word that describes the Dutch plans to largely use existing facilities and have the games pay for themselves without government subsidies.

The Dutch are optimistic that their modest US\$62m bid will win because of its focus on sports competition in contrast with the commercialisation of the Los Angeles games in 1984. A cultural festival alongside the games and the traditional Olympic youth camp will add to the aesthetic emphasis.

The Netherlands' international orientation, relative tranquillity and convenient location also are seen as boosting chances.

One of the most eager supporters is Mr Eduard Van Thijn, Burgomaster of Amsterdam. During a recent interview he

brushed aside opposition to the games, which has since seen explosions that damaged the organising committee's headquarters and a communications-satellite dish.

"The people are very positive in general," he insisted. "The criticism of the Olympic Games is from a very small group, the same group that complains about tourism." A recent public opinion poll confirmed that 88 per cent of the Dutch want the games. Olympic T-shirts are proliferating.

Amsterdam, which hosted the Olympics in 1928, considers itself and Barcelona as the top two contenders for the nomination. Paris's recent wave of terrorism is viewed as a setback for the French capital while Birmingham is thought to have entered too late. Bratislava and Belgrade suffers because Yugoslavia hosted the winter Olympics in 1984.

Barcelona is conceded to offer tough competition. The Spanish city has spent the longest time in preparing its bid and also is offering accessible and thrifty games. Moreover, Mr Juan Antonio Samaranch, chairman of the IOC, is from Barcelona.

But the Foundation for the Olympic Games in Amsterdam-1982 (OSA) remains confident, noting that its bid represents two years of planning and an investment of \$10m—half of that from business sources. Some argue that Mr Samaranch may actually vote for another city besides Barcelona to preserve an air of neutrality. Another unspoken concern is whether Basque terrorism could break out in the city.

Under Amsterdam's compact proposal, the final competitions in 19 of the 23 events would be held within 5 miles of the Dutch capital, mostly clustered in the RAI Congress Centre, the Amsterdam Waterland and a new Olympic sports stadium. Some 85 per cent of the expected 9,000 athletes would be able to reach their competition or training venues within 15 minutes of the Olympic village.

The other four events would be dotted about the Netherlands. The cycling competition is planned for the southern province of Limburg, the only area with enough hills. Due to noise and safety considerations, shooting would take place in the open terrain of Flevoland Polder, one of the Netherlands' largest projects in the IJsselmeer Sea. Sailing is planned for Medemblik on the western coast of the IJsselmeer and equestrian competition in the Ede Heath near Arnhem.

The OSA is counting on 3.4m visitors, of which 250,000 would converge on Amsterdam daily. A crowd of that size seems more than feasible for Amsterdam, already congested streets and dense population of 676,000. Traffic control will be a major feat even with the OSA stren-



Olympic T-shirts are becoming a fad among the Dutch.

uously discouraging the use of private cars and encouraging public transportation. Paris-and-ride facilities would be arranged in and near Amsterdam but the OSA's forecast that no one would use a car to get around the city looks like wishful thinking.

Lack of hotel space means charter cruise liners will be docked in the harbour for the luckier members of the Press not put in student flats. Amsterdam residents also will be expected to open their homes to the 150,000 overnight guests.

The Los Angeles games are often viewed as a turning point in the financing of Olympic Games, finally managing to avoid big losses. But in 1928 the Dutch already had proven that the games could be staged without crass commercialisation or losses. Three-quarters of the modest Fl 2bn budget then was covered with private donations.

After The Hague vetoed a lottery, the city of Amsterdam gave a modest Fl 250,000 subsidy. In 1982 the OSA is planning to cover three-quarters of its Fl 1.68bn (US\$622m) budget with revenue from television rights, corporate sponsorship, including licence fees for the Olympic emblem. The estimate of \$483m seems reasonable, but

could run into trouble if broadcast networks or corporate sponsors decide that TV sports is losing its appeal.

Another 5 per cent of the costs are to be covered by a lottery, which The Hague has officially blessed this time. Ticket sales will provide 6 per cent of the income and the rest will be covered by private donations and commemorative coins and stamps.

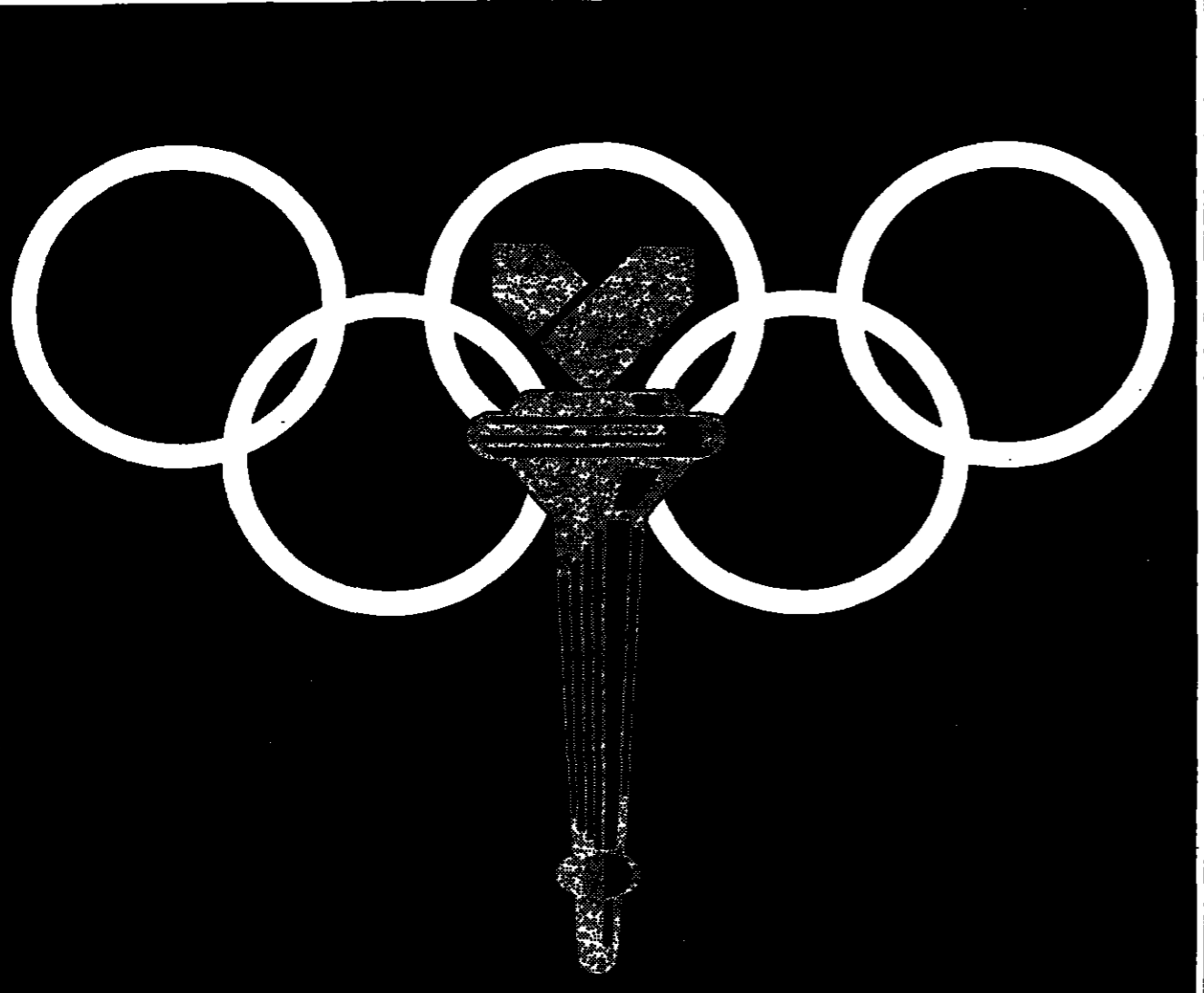
Spending has been kept under control by using existing facilities with only "modest and functional designs" for the necessary construction and improvements. Nevertheless, Mr Krijn Baatman, co-director of OSA, is confident that the infrastructure is good enough to overcome the lack of adequate facilities that cost the city its bid for the 1982 Olympics.

But the old, graffiti-covered Olympic stadium used in 1928 is too dilapidated for the OSA and a 70,000-seat one will be built on the south-east edge of the city. The Olympic village will be fashioned out of housing under construction in south-west Amsterdam. Completion of the 2,500 garden apartments will be delayed until 1982 to keep them fresh for the Olympic participants, after which they will be used for low-income housing. The biggest single expenditure is for the Press and telecommunications centre, a \$103m complex where costs have already been pared by \$19m. It is a sophisticated complex that will straddle the new Olympic stadium, and is expected to be outfitted largely by Philips, the Dutch electronics and telecommunications group.

Security precautions have taken on increasing importance since the 1972 Munich games, when Palestinian terrorists assaulted the Olympic village and killed Israeli athletes. The growth of international terrorism since then has heightened concern.

Arguing that the Netherlands is relatively safe and in an effort to contain costs, the OSA originally budgeted no money for extra security measures. All law enforcement and traffic control duties were to be paid for by the local and national governments. But it has added \$44m for overtime and other costs of extra security since preliminary pressure from the Hague. Local and national authorities are spending a similar amount to improve security systems but the expenditures would have been made anyway, according to Mr Leo Deuzeman, controller for the OSA.

Laura Raun



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CENTRAL

Belgrade

Pleading for more than 50 years

BELGRADE has been a candidate as an Olympic venue for more than half a century. It applied to host one of the summer games after 1936—meaning 1940, 1944 or 1948. The war made such plans unrealistic but, in the eyes of Belgrade, Serbia and Yugoslavia's politicians and sports officials, the time has come to make fresh efforts.

Belgrade has started its bid late and with modest means—expenses before the IOC decision will not exceed US\$1m. But it has still managed to put its case to IOC members, international sports federations, and the world's public opinion.

Shortage of means, and especially foreign exchange, for publicity and lavish entertainment, has bred a modesty many find preferable to spending huge amounts of money to win favours.

What has Belgrade to offer? The city is in both Central

Europe and the Balkans. It is accessible by air, road, rail and river. Yugoslavia has problems with roads and railways, but by 1982, especially if Belgrade succeeds in its bid, the motorway linking it with Austria and Europe will be finished, including the tunnel through Karavanken mountains. And the railroads will be sufficiently modernised to handle increased traffic.

Belgrade airport has been enlarged, and a few weeks ago the runway was modernised. By 1982 a new runway could be added. There are several other airports not far from Belgrade which could serve as substitutes. The Danube already brings foreign passenger ships to Belgrade, which can accommodate passengers with no need for hotels.

As the capital of non-aligned Yugoslavia, Belgrade is not politically controversial as a host, so no country is likely to boycott the games. That would guarantee the maximum number of participant countries, a possible new record.

Belgrade has 90 per cent of the facilities needed for Olympic sports. Some of them need overhaul, modernisation or enlargement but this would involve minor and not very costly works. The real problem is the velodrome, which would be very expensive to build, and for which Belgrade would have little use afterwards. All facilities are along a 10 mile stretch and none is more than 3.5 miles from the Olympic stadium.

The city has considerable experience in organising major sporting events, including 13 world championships in various sports and 19 European championships. And it can draw from a pool of Yugoslav experts who have been active in many international sports forums.

Mr Milan Ercegan, a Yugoslav, is president of FIFA. Mr Borisav Stankovic is secretary-general of FIFA. Dr Danilo Andrejevic is a member of the executive committee of FIFA. Mr Boris Bakrac is member of the IOC. Mr Artur Takac is adviser to the president of the IOC—to name a few.

Few countries can boast such a security record as Yugoslavia. It was marred only once, a few years ago, by Armenian terrorists and has been lightened since then.

The 1984 winter Olympic games in Sarajevo had no security problem, nor did other major events such as the IMF World Bank annual meeting and Unesco general assembly.

Some work needs to be done to justify the Olympic bid. Roads and railways to and from Belgrade and infrastructure in Belgrade itself need improving. Streets have to be repaired, some of them widened, a few new ones built.

IOC officials would stimulate banking credits and other finance as the games would earn enough money to repay the costs. Most of those works would be financed by the organisers. The city would finance the construction of a new beltway for the central area.

Critics say the concentration of Olympic facilities could lead to congestions. But the beltway and police regulation of traffic giving exclusive use of some streets to Olympic vehicles could solve that problem.

Accommodation facilities are inadequate but this could be built by 1982. Regardless of the games, Belgrade plans to construct hotels, housing and municipal facilities. That construction could be speeded up and expanded. A congress hall seating 5,000 has already been built in 10 months, and the Beograd Intercontinental Hotel took only two years.

The city has construction enterprises capable of carrying out complicated large works. They have spare equipment and experienced workers. It also has experienced designers.

It is wrong to speak of the candidature of Belgrade as an issue of the city alone. It would be an all-Yugoslav affair, like Sarajevo was in 1984.

Experts from all over the country flocked to Sarajevo to help. Hundreds of buses, cars, taxis together and their drivers were sent there. Customs, police and other officers helped their colleagues from Bosnia. The same would happen in Belgrade on an even larger scale.

Cultural life would also be organised, on a countrywide scale, with performers coming into Belgrade.

In fact, there is no need for everything to be concentrated in the capital. Yugoslavia is not such a big country, but has many centres, such as Zagreb, Ljubli-

jana, Sarajevo, Skopje, Novi Sad or Nis. All have sports and cultural facilities, and many events, especially preliminary soccer, basketball, swimming and other events could take place there.

On the financial side Belgrade has been reticent. It appears, however, that it would expect gross revenue in excess of US\$600m, with expenses lower by about a quarter. The budget for the games is some \$170m.

The city would benefit in return not only from improved sports facilities, infrastructure, hotels and housing, but also indirectly, as Belgrade and the whole of Yugoslavia was bathed in the worldwide publicity which would attract tourists and conferences.

Many obstacles have to be overcome, however. The decision will not be made by the IOC only on the merits of any candidate. Other considerations will play an even more important role.

Some may think that the same country should not host two Olympic games so close together after Sarajevo's winter Olympics in 1984. Belgrade has been pointing out that precedents exist—and that Sarajevo should prove that Yugoslavia is able to organise such a major event.

Another hurdle is the fact that Athens is tipped as host to the 1996 summer Olympics the 100th anniversary of the modern games. And the IOC rarely chooses neighbouring countries to host two consecutive games. With the games for the year 2000 apparently reserved for Beijing, the earliest new opportunity would be 2004.

Another possible objection is the economic situation of Yugoslavia, which has been difficult. But 1982 is six years away and the economy is due to improve. The games would also bring economic benefits rather than hardship to the country.

Belgrade's chances should not be overestimated, with such strong competition, but neither should the idea of its hosting the games be planted in people's minds. Failure will not stop Belgrade trying again and again till it gets what it longs for.

Aleksander Lebl

Barcelona

Favourite feels its time has come

BARCELONA is the Olympic city awaiting its appointed hour. On four occasions it has been a strong contender to host the Games only to see the honour denied. Spain is alone among the leading western European nations never to have been lit by the Olympic flame.

Now as it strides more fully into the international arena as a democratic state and member of the European Economic Community it must feel its time has come.

Preparations are well advanced: the city boasts that 88 per cent of the facilities necessary for the 1992 Games are already available. There is broad political backing from King Juan Carlos through to the Socialist-controlled city council—and the pledge of public funds to match the ambition. The private sector is fully

committed with 94 companies quickly donating \$3.5m to mount the bid campaign. And the people are involved: an appeal for volunteers to help with administration of the Games brought forward 64,000 names within a few weeks.

One of the principal reasons Barcelona can already claim many of the facilities to stage the Games is the building work that has taken place in the confident hope of being selected as host.

After the First World War the 1924 games seemed pledged to Barcelona but it was the personal drive of Baron de Coubertin, the French founder of the modern Olympics, that caused a switch to Paris.

As compensation Barcelona was promised the 1936 games but the International Olympic Committee met in the city in 1931 just as the monarch abdicated. Rioting began and the republic was declared. The games went to Berlin.

Barcelona was again in the running for the 1940 Olympics, cancelled with the outbreak of war. The most recent attempt was for the 1972 games when Barcelona made a joint bid with Madrid but lost out to Munich.

The bid for 1992 has been well-prepared with the Mayor of Barcelona first declaring the city's intention to the president of the International Olympic Committee five years ago last January.

The candidature was announced to the international press in June 1982 when Spain hosted the soccer World Cup—proof the country could handle such major events.

The managing council promoting the Barcelona bid has now been active for nearly four years. A demonstration of their confidence in the fact work started more than 18 months ago on redeveloping the Montjuic Olympic Stadium, built for the 1956 Olympics but now being extended to accommodate 70,000 spectators for track and field events.

Barcelona maintains in its bid that of the 37 competition facilities required for the games, 27 are already built. The rest are either under construction or at the planning stage.

Work on the present facilities to bring them up to Olympic standards is described as "small-scale"—installation of scoreboards, paving, temporary stands and the like.

Four areas of the city have been identified for venues for 19 of the 24 sports. All are within a five kilometre radius, with a travelling time between any two no longer than 20 minutes by public or private transport.

Four areas, each close to the intersection points of large city thoroughfares and supplied with very good public transport systems, are: Montjuic, Diagonal, Vall d'Hebron and Poblenou.

The Montjuic mountains, a landmark with its distinguished buildings and dramatic views of the Mediterranean, will be the venue for 11 sports.

The "Olympic Ring" setting for the opening and closing ceremonies, is already taking shape. Remodelling of the Olympic stadium, retaining its 1929 facade, is well advanced. Under construction nearby is the sports hall able to accommodate 17,000 spectators. The swimming pools built in the hope of the 1972 Games, are also being renovated and extended.

A new sports university will be the venue for wrestling contests, with the various halls of the Barcelona Trade Fair precinct being used for events such

as fencing, table tennis and boxing.

The Diagonal area also benefits from a large number of existing sports facilities including those of Barcelona Football Club, the Royal Polo Club and Barcelona University.

The Vall d'Hebron area is being redeveloped as part of the plans for the Olympics. A park and sports hall in the largest area of open land in the city are planned.

But the main example of how the games would be used to speed redevelopment is the Poblenou district renewal project which would transform a derelict industrial area to provide the site for the Olympic village.

The ambitious programme embracing some 100 hectares involves removing a railway branch line linking central Barcelona to the town of Mataro to the north of the city.

This would free some 200 hectares of land along the coastline allowing the building of a Mediterranean promenade to put an end to the justified criticism that Barcelona is a city which has its back to the sea.

Here would be the site for the Olympic village protected from the sea by a park running the whole of its length. Quality housing would temporarily accommodate the 14,000 athletes and officials and later form residential districts.



Building work on the stadium is already taking place in the confident hope of Barcelona being selected

The boost that such a development would give to a depressed area, with further investment in hotels, shops and housing generating new employment is recognised as invaluable by the city.

Mr Josep Ma. Vegara i Carrio, Barcelona director of city planning and a professor of economics at the Autonomous University of Barcelona, says the programme must go ahead regardless of the Games—"but with different and slower timing."

The Socialist-controlled city council sees the Olympics bid as an important element in its strategy to stimulate economic development and create new jobs.

Mr Vegara i Carrio concedes that the effects will be limited unless the candidature is accepted but argues it has already acted as a catalyst and encouraged private sector investment. He cites the example of the planned removal of the railway line.

He points to the role the city council is playing in encouraging the Games as an illustration of the more interventionist stance local government is taking to help tackle the problem of unemployment.

Barcelona has been hit by recession with the official level of jobless in the city rising to 20 per cent and in the surrounding area to 28 per cent. To combat redundancies and factory closures the city council is seeking

to encourage entrepreneurial ventures with the private sector. Barcelona has set up a municipally-owned company called Initiatives to promote risk companies backed by private capital.

For each project—and those planned include a hotel, a telecommunications tower and a fibre cable network for the city—a new company is created in which Initiatives is a minority shareholder.

But Mr Vegara i Carrio and his colleagues have no doubt about the one project that will get the city moving. That is why Barcelona has put so much effort into pressing its case to host the 1992 Olympics.

Arthur Smith



The Olympic Bus touring exhibition has been seen by an estimated 800,000 people around Spain

Mayor gallops around world

"WE ARE confident and optimistic, almost certain, that Barcelona will be chosen to organise the 1992 Olympic Games." That was the forecast delivered recently at an international Press conference by Mr Pasqual Maragall, the now much-travelled mayor of the city.

He declared: "We will be awarded the Games on our own merits, and not because of the mistakes of others."

Mr Maragall has flown to many parts of the world to put over that message since he took over the mayoralty nearly four years ago when his predecessor was appointed Minister of Defence.

Barcelona of all the candidates is the one that has perhaps campaigned longest, hardest and most expensively—more than Pts 1.4bn. And 46-year-old Mr Maragall has been the man at the head of the bid.

A graduate in law and economics of Barcelona University, Mr Maragall was a prominent leader of the underground student movement during the dictatorship of General Franco.

For some years employed by the city council as an expert on the urban economy, he has studied and lectured in the US and was an assistant professor at the Autonomous University of Barcelona.

Mr Maragall, as one of the founders of the Catalan Socialist Party, was elected to the city council in 1979 and has emerged as a powerful advocate of Barcelona's case.

The campaign, for all the razzamatazz, has been conducted very professionally. The man who has kept out of the headlines and quietly helped plan the strategy is Mr Maragall. He acknowledges there is a general belief that the Spanish are not good organisers. "This was a challenge for us. We had to show we have the capacity to work on a long term project, the ability to manage all the high technology involved in aspects of the Games such as broadcasting."

Profile  
Pasqual Maragall

Mr Del Bianco insists the campaign has demonstrated the Olympics organisation could work professionally and as a team. "We have shown the world we can work with discipline."

To gain impetus for the bid it was important to gain the support of the Spanish people. He reports that opinion surveys have shown increasing backing for the project with 84 per cent of those questioned endorsing the venture.

"The bid has raised an interest hitherto unknown in Spain," says a factor in that is "the Olympic Bus" which has been touring the cities of Spain.

In fact the vehicle is a lorry which opens its trailer to provide 100 square metres of floor space for an exhibition, video hall and projection room.

By this week an estimated 800,000 people will have seen the exhibition. Mr Del Bianco laughs: "It is incredible when you consider that the bus is only big enough to take 40 people at any one time."

Another popular idea, admittedly borrowed from the Los Angeles Games, has been to appeal for a corps of volunteers to help with organisation and do everything from selling tickets to serving in restaurants.

Within weeks of placing advertisements, Barcelona had 64,000 people. "To get such involvement and participation has to be good for the spirit of the games and for its success," Mr Del Bianco says.

More than that, he reports that the profile of the volunteers is good with 90 per cent of them speaking foreign languages, albeit mainly English and French.

While Mr Maragall might have travelled the world several times to spread the message, Barcelona claims to have attracted about 60 members of the International Olympic Committee to see the city for themselves.

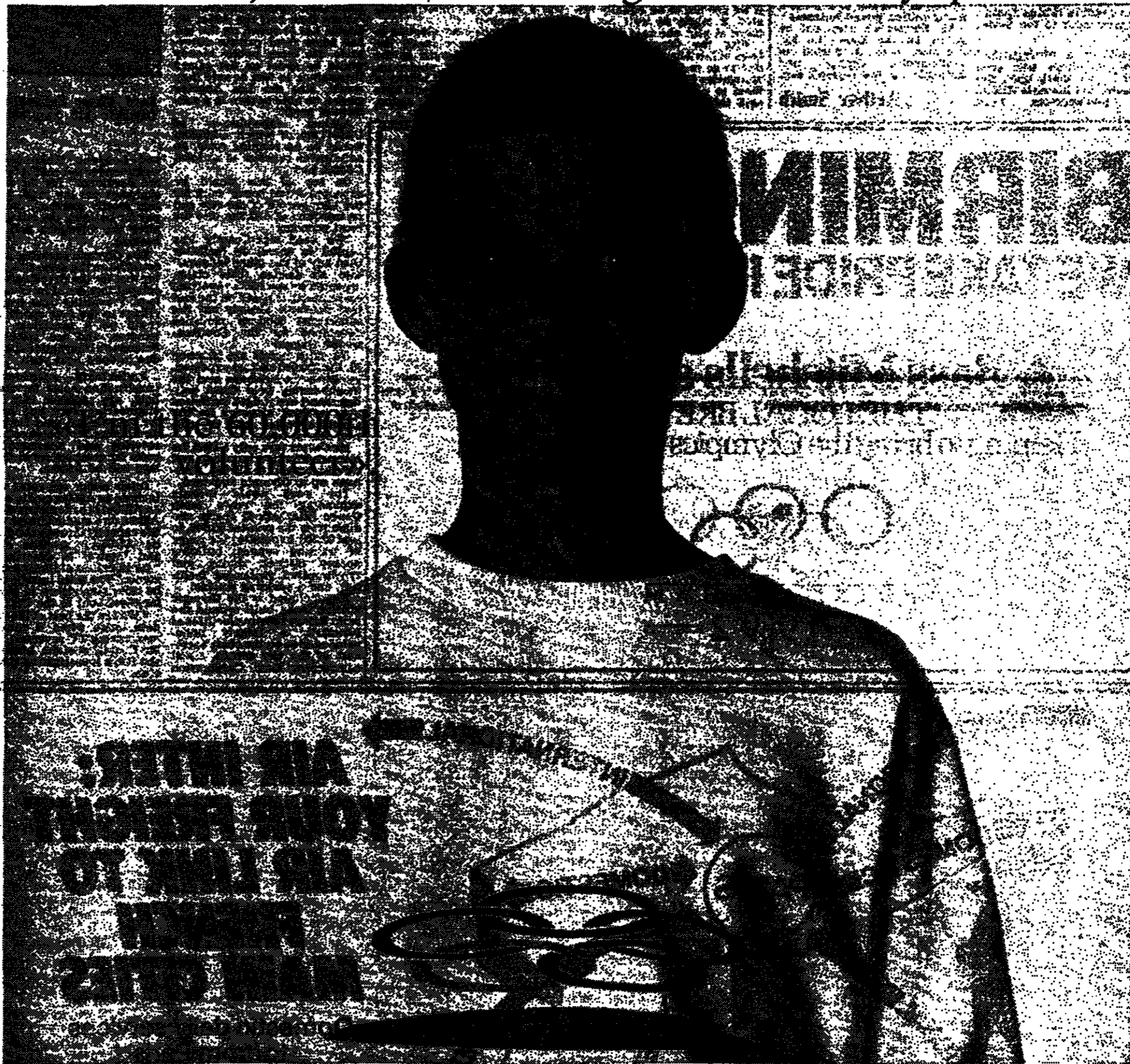
They have been given helicopter trips over the city and visits to site, with the aim of "soaking up the atmosphere of Barcelona and the sort of games we can offer," says Mr Del Bianco.

But what if after all that effort Barcelona fails to win on October 17?

He smiles broadly, and replies: "We expect to get the games."

Arthur Smith

Barcelona's 60,000th volunteer working for the 1992 Olympic Games.



Barcelona's bid has the support of 60,000 volunteers and 10 reasons why the city should be awarded the 1992 Olympic Games:

- 1. Spain has never before hosted the Games.
- 2. The bid has unanimous national support.

- 3. Barcelona loves sport.
- 4. A unique wealth of facilities.
- 5. Extensive organizational experience.
- 6. An exceptional climate.
- 7. Accommodation for 775,000 persons.

- 8. A major cultural centre.
- 9. Security assured.
- 10. A King who is a former Olympic competitor.

Barcelona'92: organisation and sport.



THE OLYMPIC CONTENDERS 6

Brisbane

Distance turned into bargaining tool



Overseeing change

MR Juan Antonio Samaranch, as President of the International Olympic committee, is far and away the most powerful man in the movement. But he will not be taking part in choosing which city will host the 1992 Olympics because his home city of Barcelona is a front runner of the unprecedented number of six cities competing.

He has adopted a firmly neutral stance towards his own city since he took over the top job in 1980. Coincidentally he was elected by a meeting of the IOC in Moscow, the city to which he had been sent in 1976 as Spain's first ambassador to the Soviet Union.

He follows a distinguished line of presidents who each stamped their mark upon the movement. But his style differs from predecessors Lord

BRISBANE FOUND it had two major problems when it opened its campaign to stage the 1992 Olympics: hardly anybody knew where the city was, and when they found out they thought it was an awfully long way away.

"Brisbane is not a name on everybody's lips as one of the world's best known cities," admits Sallyanne Atkinson, its Lord Mayor.

However after a campaign marked by her own highly personalised lobbying, and the pioneering concept of video newsletters sent regularly to each of the 89 IOC members, she is confident recognition is a thing of the past.

The distance factor has been neutralised by an IOC-approved promise of US\$31.6m in travel and transport subsidies to each national Olympic committee on a pro-rata basis, she says.

The offer recognises that for all but 23 NOCs it is cheaper to travel to Europe than Australia. Based on equalising costs with Amsterdam, the cheapest city to travel to, the subsidy breaks down into US\$20m for team travel, \$7.6m for extra costs of horse transport and quarantine arrangements, and \$4m for transport of yachts, rowing shells and canoes. Now Mrs Atkinson hopes distance can be turned into a bargaining tool.

For the first time with the 1992 Olympics the IOC will negotiate the television and sponsorship rights - the main source of revenue to what is a multi-million pound business. Mr Samaranch may not be voting but he knows he has presided over a period of fundamental change and brought in a new Olympic era.

Arthur Smith



Brisbane aims for the Olympics to be held in the 90,000-seat Queen Elizabeth II Stadium, which hosted the 1982 Commonwealth Games track events and ceremonies.

1996 centenary games, almost certain to be held in Athens.

In response to the suggestion that Australia has already had its turn with the 1988 Olympics, she notes that Britain, France, and Holland have also previously staged the games.

Brisbane began hankering for the Olympics immediately after the city staged the 1982 Commonwealth games. At that time Mrs Atkinson was leader of the Liberal opposition and admits she was worried at what she felt was a lack of a proper costing for the project.

However after her election in 1983, she was convinced the games could be staged in the city at little cost to ratepayers, and became an ardent backer of the bid. Her campaign will have taken her to Berlin, London,

Lausanne, Seoul, Edinburgh, Paris, Sofia, Moscow and Belgrade.

Running the show back home is Mr John Coates, a Sydney solicitor with a strong sports administration background. His Olympic experience began in 1976 as rowing manager for the Australian team in Montreal.

He was overall team administration director in Moscow in 1980, assistant general manager in Los Angeles in 1984, and is now vice-president of the Australian Olympic Federation.

More than half the A\$5m Mr Coates has to spend on the bid has come from private enterprise. No more public money would be spent on the games themselves. In fact he said they would, like the Los Angeles games, be able to turn in a substantial profit.

Against expenditure of US\$47.8m of which US\$230m would be on running costs, he anticipates revenue of at least US\$605.83m.

On top of this would be expected \$1,000 hours' work for the 1.2m people of the city and an injection of A\$2.6m into the local economy.

"We need significantly less capital to spend on facilities than any of the other bidders," says Mr Coates. This claim, accepted by the IOC's reporting commission, is based on the fact that Brisbane already has the substantial modern facilities developed for the Commonwealth Games.

No extra hotels are planned for the 200,000 visitors expected. Facilities for Brisbane and the neighbouring Gold Coast holiday resort are judged sufficient even without allowing for the growth expected from the current tourist boom.

Mr Coates says only US\$92.7m is needed for new buildings and refurbishment to bring Brisbane up to Olympic standard.

The work would include expanding the city's main Queen Elizabeth II sports stadium from the present 65,000, to seat 92,000, expanding the range of training venues, building hockey pitches, diving and synchronised swimming facilities, and a yachting marina.

Not included is the Olympic village, to be built around the main indoor sporting facilities at Boondall, a largely undeveloped area on the coast northeast of the city centre. Local contractors Kern Corporation



Lord Mayor Sallyanne Atkinson (left) is leading the Olympic bid and solicitor John Coates is executive director.



Corporation into a department of the organising committee.

"There will be more material than before, and we will be able to control it because it will be one of our departments rather than a host broadcaster who has paid so much money and wants to maximise his profits.

"Everything is going to be a fair and objective coverage. We can cover all the venues at once, 10 different sports at a time. The rights holder, for say Japan, just picks out what it wants."

Mr Coates expects a further US\$113m to come from international marketing, sponsorships, and a coin programme. Ticket sales should yield US\$36.7m and \$22.5m should be recouped from accommodation and catering charges at the Olympic village.

He expects no serious difficulties from domestic crime, which is low by US standards, nor international terrorism, which is virtually unknown in Australia. Nevertheless, Brisbane have the Federal police and armed services on standby to back up the Queensland state police.

Mrs Atkinson is also confident that Brisbane would be immune from political boycott problems, although she does admit pressure for an Australian Rugby Union tour to South Africa is "a worry." However, she says provided such a trip received no official backing from the federal government (qualifies under the present Labor regime), this would be unlikely to cost Brisbane the games.

Jack Lowenstein

and Leighton Holdings have won a tender to become "preferred developer" for the site. In exchange for the land, at present mostly marshes, they will pay for building the village and after the Olympics sell it as housing.

The Olympic yachting marina could be on the same site, meaning that for the first time all the competitors could be in one village. Travelling time from the village to the four sports areas could be a maximum of 30 minutes, and ten minutes to Brisbane's international airport due to open next year.

Preliminary estimates for construction costs for the village are A\$200m for basic engineering work and A\$300m for housing, all paid for by the developer. Mr Coates estimates catering and accommodation costs for competitors at the village will be A\$80m.

Other major expenses would include an A\$60m media centre, an A\$90m broadcast centre, and A\$90m on a media village. Satellite capacity through the domestic AUSSAT satellite system and Intelsat is described as "far in excess of likely requirements." The main income would be television rights, in particular those sold to the US.

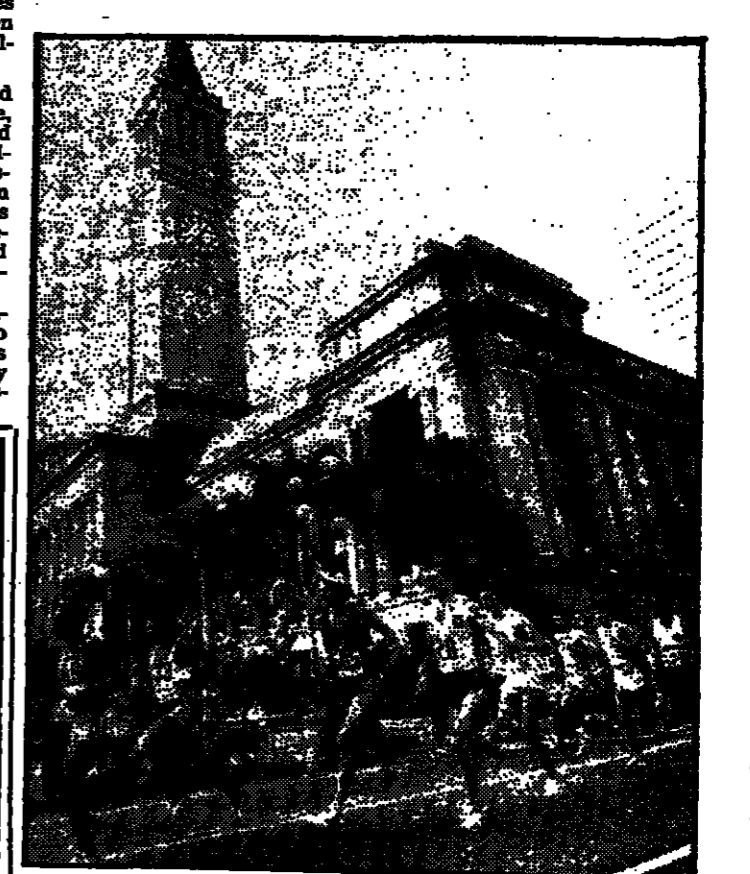
"We are the best of the candidate cities when it comes to maximising TV revenues," says Mr Coates, a claim backed by the IOC's investigating commission.

Events in Brisbane between noon and 6 pm could be shown live on US west coast screens between 6 pm and midnight and on the east coast three hours later. This compares with live viewing for the US west coast from a European Olympics between 3 am and 9 am.

Mr Coates expects the Brisbane organisers would get at least US\$397m from US TV rights, and \$68.7m from the rest of the world.

In 1984 the US television coverage was criticised for concentrating on American competitors. Mr Coates says Brisbane would avoid a repeat of this by combining the pooled resources of Australia's three commercial channels and the Australian Broadcasting

Jack Lowenstein



Marathon runners in the 1982 Commonwealth Games pass Brisbane City Hall, proposed as the IOC headquarters for the 1992 Olympics.

GROWTH OF THE OLYMPICS

Date	Venue	Nations Represented	Number of Competitors
1896	Athens	13	311
1900	Paris	22	1,330
1904	St. Louis	13	625
1908	London	22	2,056
1912	Stockholm	28	2,546
1916	Berlin		Cancelled
1920	Antwerp	29	2,692
1924	Paris	44	3,092
1928	Amsterdam	46	3,014
1932	Los Angeles	37	1,408
1936	Berlin	49	4,066
1940	Tokyo/Helsinki		Cancelled
1944	London		Cancelled
1948	London	59	4,099
1952	Helsinki	69	4,925
1956	Melbourne	67	3,184
1960	Rome	83	5,346
1964	Tokyo	93	5,140
1968	Mexico City	112	5,530
1972	Munich	122	7,156
1976	Montreal	92	6,085
1980	Moscow	81	5,326
1984	Los Angeles	na	na

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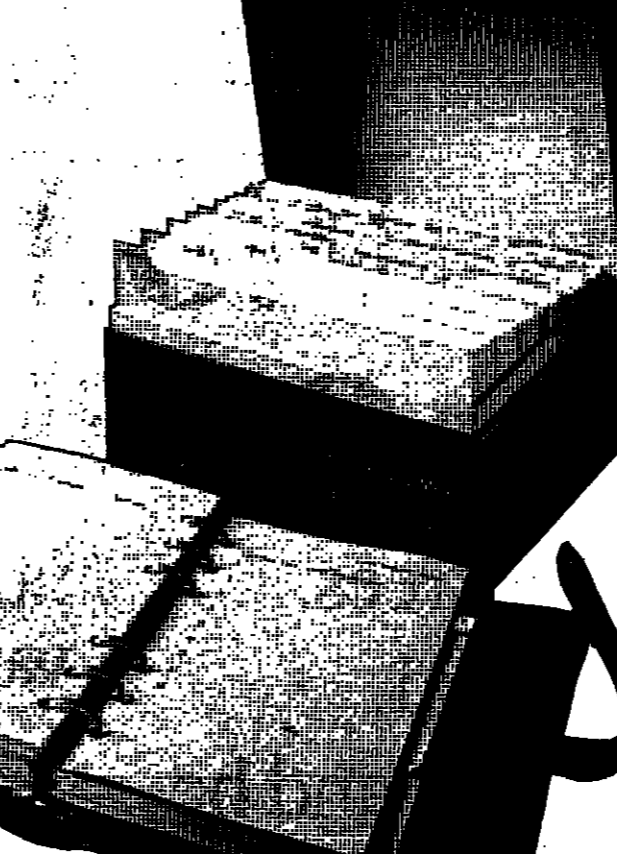
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